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## Conservation of Power and Water Resources

## 18

PARTS 150 TO 279

Revised as of April 1, 1989

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## Conservation of Power and Water Resources

## 18

PARTS 150 TO 279

**Revised as of April 1, 1989**

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AS OF APRIL 1, 1989

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*To cite the regulations in this volume use title, part and section number. Thus,* 18 CFR 152.1 *refers to Title 18, Part 152, section 1.*

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Title 1 through Title 16........................................................as of January 1
Title 17 through Title 27........................................................as of April 1
Title 28 through Title 41........................................................as of July 1
Title 42 through Title 50........................................................as of October 1

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An index to the text of "Title 3—The President" is carried within that volume.

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A List of CFR Sections Affected (LSA) is published monthly, keyed to the revision dates of the 50 CFR titles.

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For a summary, legal interpretation, or other explanation of any regulation in this volume, contact the issuing agency. Inquiries concerning editing procedures and reference assistance with respect to the Code of Federal Regulations may be addressed to the Director, Office of the Federal Register, National Archives and Records Administration, Washington, D.C. 20408 (telephone 202-523-3517). Sales are handled exclusively by the Superintendent of Documents, Government Printing Office, Washington, D.C. 20402 (telephone 202-783-3238).

MARTHA L. GIRARD
*Acting Director,*
*Office of the Federal Register.*

*April 1, 1989.*

# THIS TITLE

Title 18—CONSERVATION OF POWER AND WATER RESOURCES is composed of four volumes. The first three volumes, Parts 1 to 149, Parts 150 to 279, and Parts 280 to 399 contain Chapter I, the current regulations of the Federal Energy Regulatory Commission, Department of Energy. The fourth volume, containing Part 400 to End, includes all current regulations issued by the Delaware River Basin Commission, the Water Resources Council, the Susquehanna River Basin Commission and the Tennessee Valley Authority, as of April 1, 1989.

The OMB control numbers for the Federal Energy Regulatory Commission, Department of Energy, appear in § 389.101 of Chapter I. For the convenience of the user, § 389.101 is reprinted in the Finding Aids section of the first and second volumes.

Redesignation Tables appear in the first and fourth volumes.

For this volume Beverly Fayson and Suzanne Meyer were Chief Editors. The Code of Federal Regulations publication program is under the direction of Richard L. Claypoole, assisted by Ruth C. Pontius.

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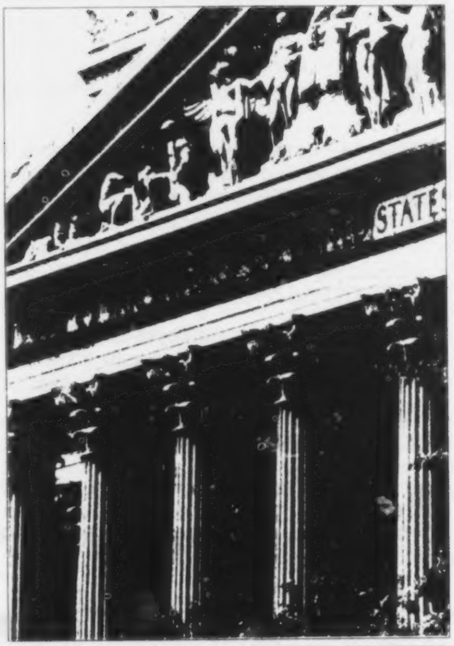

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# Title 18—Conservation of Power and Water Resources

(This book contains Parts 150 to 279)

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*Part*

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CROSS REFERENCES: Applications and entries conflicting with lands reserved or classified as power sites, or covered by power applications: See Public Lands, Interior, 43 CFR Subpart 2320.

Interstate Commerce Commission: See Transportation, 49 CFR Chapter X.

Irrigation projects; electrification, Bureau of Indian Affairs, Department of the Interior: See Indians, 25 CFR Parts 172–177.

Regulations of the Bureau of Land Management relating to rights-of-way for power, telephone, and telegraph purposes: See Public Lands, Interior, 43 CFR Group 2800.

Rights-of-way over Indian lands: See Indians, 25 CFR Parts 169, 170, and 265.

Commodity Futures Trading Commission and Securities and Exchange Commission: See Commodity and Securities Exchanges, 17 CFR Chapters I and II.

Withdrawal of public lands: See Public Lands, Interior, 43 CFR Group 2300.

# CHAPTER I—FEDERAL ENERGY REGULATORY COMMISSION, DEPARTMENT OF ENERGY (Continued)

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ABBREVIATIONS: The following abbreviations are used in this chapter:

M.c.f.=*Thousand cubic feet.* B.t.u.=*British thermal units.* ICC=*Interstate Commerce Commission.*

# SUBCHAPTER E—REGULATIONS UNDER NATURAL GAS ACT

## PART 152—APPLICATION FOR EXEMPTION FROM THE PROVISIONS OF THE NATURAL GAS ACT PURSUANT TO SECTION 1(c) THEREOF

Sec.
152.1 Who may apply.
152.2 Form of application; number of copies; service.
152.3 Contents of application; filing fee.
152.4 Certificate from State Commission.
152.5 Applicability of exemption.

AUTHORITY: Natural Gas Act, 15 U.S.C. 717-717w; Natural Gas Policy Act, 15 U.S.C. 3301-3432 (1982); Department of Energy Organization Act, 42 U.S.C. 7101-7352 (1982); E.O. 12009, 3 CFR 142 (1978).

### § 152.1 Who may apply.

Application for exemption from the provisions of the Natural Gas Act and the rules and regulations of the Commission issued pursuant thereto may be made by any person as defined in the Natural Gas Act engaged in, or authorized to engage in the transportation in interstate commerce or the sale in interstate commerce for resale, of natural gas received by such applicant from another person within or at the boundary of a State, if all of the natural gas so received is ultimately consumed in such State: *Provided*, That the natural-gas rates (including rates for sales for resale) and service of the applicant and its natural-gas facilities are subject to regulation by a State Commission, as defined in the Natural Gas Act, and that such State Commission is exercising that jurisdiction.

(Sec. 1(c), 68 Stat. 36; 15 U.S.C. 717(c))

[Order 306, 30 FR 12729, Oct. 6, 1965]

### § 152.2 Form of application; number of copies; service.

An original and 7 conformed copies of an application under this part shall be furnished to the Commission. The Commission reserves the right to request additional copies. A copy of the application shall be served on the State Commission which has jurisdiction over the applicant and upon each wholesale customer of the applicant.

(Sec. 1(c), 68 Stat. 36; 15 U.S.C. 717(c))

[Order 306, 30 FR 12729, Oct. 6, 1965, as amended by Order 225, 47 FR 19057, May 3, 1982]

### § 152.3 Contents of application; filing fee.

Every application shall be accompanied by the fee prescribed in Part 381 of this chapter or a petition for waiver pursuant to § 381.106 of this chapter and shall set forth in the order indicated, the following:

(a) The exact legal name of applicant.

(b) The name, title, and postoffice address of the person to whom correspondence in regard to the application shall be addressed.

(c) A statement of pertinent facts as to the existing service, if any, or authorized service by applicant, including a showing that all of the natural gas which applicant receives from out-of-State sources is and will be ultimately consumed within the State in which the operations sought to be exempted are conducted.

(Secs. 3, 16, 52 Stat. 822, 830; 15 U.S.C. 717b, 717o)

[Order 173, 19 FR 4276, July 13, 1954, as amended by Order 317, 31 FR 432, Jan. 13, 1966; Order 433, 50 FR 40345, Oct. 3, 1985]

### § 152.4 Certificate from State Commission.

Applications for exemption under § 152.3 shall contain, or there shall be separately filed, a certificate from the appropriate State Commission that the natural-gas (a) rates (including rates for sales for resale), (b) service, and (c) facilities of the applicant are subject to the regulatory jurisdiction of the State Commission and that the State Commission is exercising such jurisdiction.

(Sec. 1(c), 68 Stat. 36; 15 U.S.C. 717(c))

[Order 306, 30 FR 12729, Oct. 6, 1965]

### § 152.5 Applicability of exemption.

Nothing in this part shall be construed to relieve any person exempted from the provisions of the Natural Gas Act by section 1(c) thereof from compliance with valid State regulatory requirements. If an exemption from the provisions of the Natural Gas Act is effective pursuant to section 1(c), the exempted person shall be responsible for calling to the attention of the State Commission by which it is regulated and of the Federal Power Commission any future operations in which it may engage which may make the exemption inapplicable to it. The exempted person shall also be responsible for calling to the attention of the Federal Power Commission any changes, amendment, or judicial or administrative interpretation of the State law pursuant to which it is regulated, which may make the exemption inapplicable to it.

(Sec. 1(c), 68 Stat. 36; 15 U.S.C. 717(c))

[Order 306, 30 FR 12729, Oct. 6, 1965]

## PART 153—APPLICATION FOR AUTHORIZATION TO EXPORT OR IMPORT NATURAL GAS

Sec.
153.1 Who shall apply.
153.2 Form and time of filing; number of copies.
153.3 Contents of application; filing fee.
153.4 Required exhibits.
153.5 Other information.
153.6 Transferability.
153.7 Authorization not exclusive.
153.8 Filing of contracts, rate schedules, etc.

Application for Construction, Operation, Maintenance, or Connection at International Boundary, of Facilities for Exportation or Importation of Natural Gas

153.10 Who shall apply.
153.11 Contents of application; number of copies; filing fee.
153.12 Other information.

Authority: Secs. 3, 16, 52 Stat. 822, 830; 15 U.S.C. 717b, 717o; E.O. 10485, 3 CFR, 1949—1953 Comp., p. 970.

Source: Order 141, 12 FR 8596, Dec. 19, 1947, unless otherwise noted.

### § 153.1 Who shall apply.

(a) Any person proposing to export natural gas from the United States to a foreign country or to import natural gas from a foreign country, pursuant to the provisions of section 3 of the Natural Gas Act, shall make an application for authorization therefor under this part.

(b) In connection with applications under this section, attention is directed to the provisions of §§ 153.10 to 153.12, inclusive, relative to applications for Presidential Permits for the construction, operation, maintenance, or connection, at the borders of the United States, of facilities for the exportation and importation of natural gas to or from a foreign country in compliance with Executive Order No. 8202, dated July 13, 1939.

[Order 160, 16 FR 6751, July 12, 1951]

Editorial Note: Executive Order 8202 was revoked and superseded by E.O. 10485, Sept. 3, 1953, 18 FR 5397; 3 CFR, 1949—1953 Comp., p. 970.

### § 153.2 Form and time of filing; number of copies.

An original and 7 conformed copies of an application under this part shall be furnished to the Commission. The Commission reserves the right to request additional copies. Such application shall be made at least 30 days in advance of the proposed exportation or importation, except where otherwise ordered by the Commission for good cause shown.

[Order 196, 22 FR 2882, Apr. 24, 1957, as amended by Order 225, 47 FR 19057, May 3, 1982]

### § 153.3 Contents of application; filing fee.

Every application shall be accompanied by the fee prescribed in Part 159 of this subchapter and shall set forth in the order indicated, the following:

(a) The exact legal name of applicant;

(b) The name, title, and post office address of the person to whom correspondence in regard to the application shall be addressed;

(c) If a corporation, the State or Territory under the laws of which the applicant was organized, and the town or city where applicant's principal office is located. If applicant is incorporated under the laws of, or authorized to operate in more than one State, all pertinent facts should be stated;

(d) A statement giving the name and location of the field or fields in which the gas proposed to be exported or imported is produced and the most recent estimate of the remaining natural gas reserves in such field or fields;

(e) If the application is for authority to export natural gas, state the name of the purchaser of the gas proposed to be exported, its proposed use in the foreign country, and the rate or rates proposed to be charged the purchaser for such gas, together with the rate or rates charged by the applicant for similar service, if rendered in the United States;

(f) If the application is for authority to import natural gas, state the name of the seller and of the producer of the gas proposed to be imported, and the rate or rates proposed to be paid by the applicant for the said gas;

(g) A description of the facilities utilized in the proposed exportation or the importation of natural gas;

(h) A statement of the reasons why the proposed exportation or importation of natural gas (1) will not be inconsistent with the public interest and (2) will not in any way impair the ability of applicant to render natural gas service at reasonable rates to its customers in the United States.

[Order 141, 12 FR 8596, Dec. 19, 1947, as amended by Order 317, 31 FR 432, Jan. 13, 1966]

### § 153.4 Required exhibits.

(a) There shall be filed with the application and as a part thereof the following exhibits:

*Exhibit A.* Photostatic or certified copy of articles of incorporation and by-laws of applicant company;

*Exhibit B.* A detailed statement of the financial and corporate relationship existing between applicant and any other person or corporation;

*Exhibit C.* Statement, including signed opinion of counsel, showing that the exportation or the importation of natural gas is within the corporate powers of applicant, and that applicant has complied with State laws and with the rules and regulations of State regulatory authorities in the State or States in which applicant operates;

*Exhibit D.* If the application is for authority to export natural gas, copy of the contract or contracts with purchasers in the foreign country of the natural gas proposed to be exported by applicant;

*Exhibit E.* If the application is for authority to import natural gas, copy of the contract or contracts with the producer or seller in the foreign country of the natural gas proposed to be imported;

*Exhibit F.* A general or key map on a scale not greater than 20 miles to the inch, showing the physical location of the facilities utilized in the applicant's proposed export or import operations. The map should indicate with particularity the ownership of such facilities at or on each side of the border between the United States and the foreign country.

(b) Any exhibit required by this section already on file with the Commission may be incorporated by reference.

### § 153.5 Other information.

The applicant shall furnish such additional information as the Commission may deem pertinent.

### § 153.6 Transferability.

(a) Authorizations to export natural gas from the United States to a foreign country or to import natural gas from a foreign country granted by order of the Commission under §§ 153.1 to 153.5 inclusive pursuant to section 3 of the Natural Gas Act shall not be transferable or assignable. The Commission order granting the authorization may, however, provide that the authorization shall continue in effect temporarily for a reasonable time in the event of the involuntary transfer of facilities used thereunder by operation of law (including such transfers to receivers, trustees, or purchasers under foreclosure or judicial sale) pending the making of an application for permanent authorization and decision thereon, provided notice is promptly given in writing to the Commission accompanied by a statement that the physical facts relating to sufficiency of supply, rates, and nature of use remain substantially the same as before the transfer and as stated in the initial application for such authorization.

(b) The Commission may also, at any time subsequent to the original order of authorization, from time to time, after opportunity for hearing, make such supplemental orders in the premises as it may find necessary or appropriate.

**§ 153.7 Authorization not exclusive.**

No authorization granted pursuant to section 3 of the Natural Gas Act shall be deemed to prevent authorization being granted to any other person to export natural gas from the United States to a foreign country or to import natural gas from a foreign country for the same use, or to prevent any other person from making application for such authorization.

**§ 153.8 Filing of contracts, rate schedules, etc.**

Persons authorized to export natural gas from the United States to a foreign country or to import natural gas from a foreign country shall file two full and complete copies of every contract and the amendments thereto, presently or hereafter effective, for such export or import, together with all rate schedules, agreements, leases or other writings, tariffs, classifications, rules and regulations relative to such export or import in the manner specified in Part 154 of this chapter, except that the requirements of § 154.31 through § 154.41 shall not be applicable.

(Sec. 4, 52 Stat. 822; 15 U.S.C. 717c)

[Order 144, 13 FR 6372, Oct. 30, 1948; 13 FR 6838, Nov. 20, 1948]

## APPLICATION FOR CONSTRUCTION, OPERATION, MAINTENANCE, OR CONNECTION AT INTERNATIONAL BOUNDARY, OF FACILITIES FOR EXPORTATION OR IMPORTATION OF NATURAL GAS

**§ 153.10 Who shall apply.**

Any person, firm, or corporation contemplating the construction of, or who is operating or maintaining facilities at the borders of the United States, for the exportation or the importation of natural gas to or from a foreign country, shall file with the Commission an application for a Presidential Permit, in compliance with Executive Order 8202, dated July 13, 1939. In connection with applications hereunder, attention is directed to the provisions of §§ 153.1 to 153.5, inclusive, relative to applications for authorization to export or import natural gas to or from a foreign country under section 3 of the Natural Gas Act.

EDITORIAL NOTE: Executive Order 8202 was revoked and superseded by E.O. 10485, Sept. 3, 1953, 18 FR 5397; 3 CFR, 1949—1953 Comp., p. 970.

**§ 153.11 Contents of application; number of copies; filing fee.**

An original and 9 conformed copies of an application under this section shall be furnished to the Commission. The Commission reserves the right to request additional copies. Every application shall be accompanied by the fee prescribed in Part 159 of this subchapter and shall set forth in the order indicated, the following:

(a) Information regarding applicant;

(1) The exact legal name of applicant;

(2) The name, title, and post office address of the person to whom correspondence in regard to the application shall be addressed;

(3) If applicant is a corporation: Copy of articles of incorporation and bylaws; the amount and classes of capital stock; nationality of officers, directors, and stockholders, and the amount and class of stock held by each;

(4) Is applicant company, or its transmission lines, owned wholly or in part by any foreign government or directly, or indirectly subventioned by any foreign government; or, has applicant company any understanding for such ownership or by subvention from any foreign government; if so give full details;

(b) A general or key map on a scale not greater than 20 miles to the inch, showing the physical location and giving a full description of the facilities employed, or to be employed in the exportation or importation of natural gas at the international boundary. The map should indicate with particularity the ownership of such facilities at or on each side of the border between the United States and the foreign country.

(c) Statement describing every existing contract that applicant has with a foreign government, or private concerns, which in any way relate to the control or fixing of rates for the purchase, sale or transportation of natural gas and which may serve in any way to restrict or prevent competing American companies from extending their activities; also, attach certified copies of such contracts;

(d) Copies of every landing license, or permit, which has been granted applicant, or any predecessor, by a foreign government or by any of its agencies, in connection with the exportation or importation of natural gas.

[Order 141, 12 FR 8596, Dec. 19, 1947, as amended by Order 317, 31 FR 432, Jan. 13, 1966; Order 225, 47 FR 19057, May 3, 1982]

**§ 153.12 Other information.**

The applicant shall furnish such additional information, in connection with the application, as the Commission may deem pertinent.

## PART 154—RATE SCHEDULES AND TARIFFS

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AUTHORITY: Natural Gas Act, 15 U.S.C. 717-717w (1982); Department of Energy Organization Act, 42 U.S.C. 7102-7352 (1982); E.O. 12009, 3 CFR 1978 Comp., p. 142; Independent Offices Appropriations Act, 31 U.S.C. 9701 (1982).

SOURCE: Order 144, 13 FR 6372, Oct. 30, 1948; 13 FR 6838, Nov. 20, 1948, unless otherwise noted.

EFFECTIVE DATE NOTE: At 53 FR 15023, Apr. 27, 1988, Part 154 was amended by Order 493. At 53 FR 16058, May 5, 1988, the Commission issued an order granting rehearing for the purpose of further consideration and suspending the effective date (May 2, 1988) of Order 493. At 53 FR 19283, May 27, 1988, a new effective date of August 1, 1988 was set, subject to OMB approval.

### APPLICATION

### § 154.1 Application; obligation to file.

(a) On or after December 1, 1948, every natural gas company must file with the Commission and post in conformity with the requirements of this part, schedules showing all rates and charges for any transportation or sale of natural gas subject to the jurisdiction of the Commission and the classifications, practices, rules and regulations affecting such rates, charges and services, together with all contracts in any manner affecting or relating thereto: *Provided, however,* That all such presently effective schedules filed with the Commission before the aforesaid date must be restated as set forth in § 154.82 to conform with the following rules and regulations, and filed and posted on or before the dates specified in § 154.83.

(b) On or after October 31, 1989, any change to a tariff must be submitted in an electronic media in conformance with the requirements of § 385.2011 of this chapter.

(c) On or after October 31, 1989, any natural gas company submitting a general rate proceeding pursuant to section 4 of the Natural Gas Act and § 154.63 or a restatement of the base tariff rate pursuant to § 154.303(e) must incorporate as part of this filing a resubmittal of the company's entire tariff, except executed service agreements, on electronic media pursuant to § 385.2011 of this chapter.

[Order 493, 53 FR 15026, Apr. 27, 1988, as amended by Order 493-B, 53 FR Dec. 9, 1988]

### DEFINITIONS

### § 154.11 Rate schedule.

The term "rate schedule" means a statement of a rate or charge for a particular classification of transportation or sale of natural gas subject to the jurisdiction of the Commission, and all terms, conditions, classifications, practices, rules and regulations affecting such rate or charge. This term also includes any contract for which special permission has been obtained in accordance with § 154.52.

### § 154.12 Contract.

The term "contract" means any agreement which in any manner affects or relates to rates, charges, classifications, practices, rules, regulations or services for any transportation or sale of natural gas subject to the jurisdiction of the Commission. This term includes an executed service agreement.

### § 154.13 Service agreement.

The term "service agreement" means an unexecuted form of agreement for service under a natural-gas company's tariff.

### § 154.14 Tariff or FERC gas tariff.

The term "tariff" or "FERC gas tariff" means a compilation, either in book form or on electronic media, of all of the effective rate schedules of a particular natural gas company, and a copy of each form of service agreement.

[Order 493, 53 FR 15027, Apr. 27, 1988]

### § 154.15 Filing date.

The term "filing date" means the day on which a tariff, or part thereof, or a contract is received in the office of the Secretary of the Commission for filing in compliance with the requirements of this part.

[Order 493, 53 FR 15027, Apr. 27, 1988]

### § 154.16 Posting.

The term "posting" means:

(a) Making a copy of a natural gas company's tariff and contracts available during regular business hours for public inspection in a convenient form and place at the natural gas company's offices where business is conducted with affected customers, and

(b) Mailing to each customer affected a hard copy of the tariff, or part thereof, unless another format is agreed to by the parties, at the time it is sent to the Commission for filing.

[Order 493, 53 FR 15027, Apr. 27, 1988]

## IN GENERAL

### § 154.21 Effective tariff.

The effective tariff of a natural-gas company shall be the tariff filed pursuant to the requirements of this part, and permitted by the Commission to become effective. The tariff filing hereunder must be accompanied by the fee prescribed in Part 381 of this chapter or a petiton for waiver pursuant to § 381.106 of this chapter. No natural-gas company shall directly or indirectly, demand, charge or collect any rate or charge for or in connection with the transportation or sale of natural gas subject to the jurisdiction of the Commission, or impose any classifications, practices, rules or regulations, different from those prescribed in its effective tariff and executed service agreements on file with the Commission, unless otherwise specifically provided by order of the Commission.

[Order 144, 13 FR 6372, Oct. 30, 1948; 13 FR 6838, Nov. 20, 1948, as amended by Order 433, 50 FR 40345, Oct. 3, 1985]

### § 154.22 Notice requirements.

All tariffs, and contracts or any parts thereof shall be filed with the Commission and posted not less than thirty days nor more than sixty days prior to the proposed effective date thereof unless a different period of time is permitted by the Commission in accordance with § 154.5: *Provided, however,* That no natural-gas company shall file under this part any new rate schedule or contract for the performance of any service for which a certificate of public convenience and necessity must be obtained pursuant to section 7(c) of the Natural Gas Act, until such certificate has been issued. Nothing herein shall be construed as preventing the natural-gas company from entering into any such agreement prior to the granting of such a certificate.

### § 154.23 Acceptance for filing not approval.

The acceptance for filing of any tariff, contract or part thereof is not to be considered as approval by the Commission.

### § 154.24 Rejection of material submitted for filing.

The Commission reserves the right to reject any material submitted for filing which fails to comply with the requirements set forth in this part or is not accompanied with the fee prescribed in Part 381, unless a petition for waiver is submitted in lieu thereof under § 381.106 of this chapter.

[Order 144, 13 FR 6372, Oct. 30, 1948; 13 FR 6838, Nov. 20, 1948, as amended by Order 361, 49 FR 5091, Feb. 10, 1984]

### § 154.25 Informal submission for staff suggestions.

Any natural-gas company may informally submit a tariff or any part thereof or material relating thereto for the suggestions of the staff of the Commission prior to filing.

### § 154.26 Copies to be supplied.

(a) *General rule.* Except as provided in paragraph (b) of this section, all tariffs, rate schedules, and contracts, or parts thereof, and material related thereto, including any change in rates, notices of cancellation or termination, and certificates of adoption, must be supplied to the Commission in six copies.

(b) *Exceptions.* On or after October 31, 1989, natural gas companies submitting a rate filing pursuant to § 154.63 or § 154.301(a) must submit this filing on electronic media as prescribed in FERC Form 542-PGA and § 385.2011 of this chapter, as applicable.

(c) *Submittals.* All copies and electronic submissions are to be included in one package together with a letter of transmittal and all other materials and information required by these regulations, and addressed to the Federal Energy Regulatory Commission, Washington, DC 20426.

[Order 493, 53 FR 15027, Apr. 27, 1988, as amended by Order 493-B, 53 FR 49653, Dec. 9, 1988]

### § 154.27 Comments by interested parties.

Comments of any purchaser or other interested party concerning any filing made pursuant to this part should be submitted within 15 days after the date of filing. This section shall not limit any right to file protests and complaints.

### § 154.28 Form of notice for Federal Register.

The company must file a form of notice suitable for publication in the FEDERAL REGISTER which must be in the following form:

UNITED STATES OF AMERICA FEDERAL ENERGY REGULATORY COMMISSION

(Name of Company)
Docket No.

Notice of Proposed Changes in FERC Gas Tariff

Take notice that (name of company), on (date), tendered for filing proposed changes in its FERC Gas Tariff, Volume No. (number). [The following language in the first paragraph applies only to rate increase filings.] The proposed changes would increase revenues from jurisdictional sales and service by (dollar amount) based on the 12-month period ending (date), as adjusted. [For proposed changes other than increased rates and charges, the company must state concisely the nature of these changes.]

[The company must briefly describe the reasons for the proposed changes in the second paragraph.]

Copies of the filing were served upon the company's jurisdictional customers (and other parties the company served, *inter alia*, state regulatory commissions, other government agencies, etc.).

Any person desiring to be heard or to protest said filing should file a motion to intervene or protest with the Federal Energy Regulatory Commission, 825 North Capitol Street, NE., Washington, DC 20426, in accordance with §§ 385.214 and 385.211 of the Commission's Rules and Regulations. All such motions or protests should be filed on or before______. Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a motion to intervene. Copies of this filing are on file with the Commission and are available for public inspection in the Public Reference Room.

[Order 483, 52 FR 43879, Nov. 17, 1987]

## FORM AND COMPOSITION OF TARIFF

### § 154.31 Application.

(a) Sections 154.32 through 154.41 after December 1, 1948, are applicable to all rate schedules thereafter filed or restated, except that such sections are only partially applicable to rate schedules filed under § 154.52. (A form, or an electronic record format, of an assembled tariff is available upon request.) On or after October 31, 1989, these filings must be on electronic media as prescribed in § 385.2011 of this chapter.

(b) Tariff sheets filed on or after October 31, 1989, on electronic media must conform to the format required in §§154.32 through 154.36 and §§ 154.38 through 154.41.

[Order 493, 53 FR 15027, Apr. 27, 1988, as amended by Order 493-B, 53 FR 49653, Dec. 9, 1988]

### § 154.32 Form, type, and size.

(a) When the tariff is provided in hard copy before October 31, 1989, and thereafter under the waiver provision prescribed in § 385.2011 of this chapter, the tariff must be printed, typewritten or otherwise reproduced on 8½ by 11 inch sheets of a durable paper so as to result in a clear and permanent record. The sheets of the tariff must be ruled to set off borders of 1¼ inches on top, bottom and left sides and ½ inch on the right side, punched on the left side and assembled in a binder.

(b) When the tariff is provided on electronic media on or after October 31, 1989, the tariff paper copy must be printed or otherwise reproduced on sheets of durable paper so as to result in a clear and permanent record. The electronic media record format and paper copy must duplicate the page size, borders and margins provided in paragraph (a) of this section.

[Order 493, 53 FR 15027, Apr. 27, 1988, as amended by Order 493-B, 53 FR 49653, Dec. 9, 1988]

### § 154.33 Binder, title page and arrangements.

(a) The binder shall show on the front cover:

FPC Gas Tariff

Original Volume No. 1

of

(Name of Natural-Gas Company)

Filed with

Federal Power Commission

If it is advisable to submit the tariff in two or more volumes, the volumes shall be identified by "Original Volume No. 1", "Original Volume No. 2", etc., directly below the words "FPC Gas Tariff." Rate schedules for which special exception has been obtained under § 154.52 may be filed in a separate volume as part of the tariff.

(b) When any volume of a tariff is to be superseded or replaced in its entirety, the replacing volume shall show prominently on the binder and the title page the volume number being superseded or replaced, as for example:

FPC Gas Tariff

First Revised Volume No. 1

(Supersedes Original Volume No. 1)

(c) The first page shall be a title page which shall carry the information shown on the cover and, in addition, the name, title, and address of the person to whom communications concerning the tariff should be sent.

(d) All sheets except the title page shall have the following information placed in the margins:

(1) *Identification.* At the left above the top marginal ruling, the exact name of the company shall be shown, under which shall be set forth the words "FPC Gas Tariff," together with volume identification where applicable.

(2) *Numbering of sheets.* At the right above the top marginal ruling, the sheet number shall appear after the words "Original Sheet No. ——." All sheets in the originally filed tariff shall be numbered consecutively beginning with the table of contents as "Original Sheet No. 1".

(i) Revised or superseding sheets shall be numbered "—— Revised

Sheet No. ———" below which shall appear "Superseding ——— Sheet No. ———." The first blank above shall show the number of the revision (i.e., First, Second, etc.) and the sheet number shall be the same as the sheet replaced. The third and fourths blanks shall be filled according to the numbering of the sheet replaced.

(ii) Sheets which are to be inserted between two consecutively numbered sheets shall be designated "Original Sheet No. ———," with the blank space filled with the appropriate number and a letter to indicate an insertion. Illustration: Three sheets which would come between original sheets 8 and 9 would be designated "Original Sheet No. 8A," "Original Sheet No. 8B," and "Original Sheet No. 8C."

(3) *Issuing officer and issue date.* On the left below the lower marginal ruling, shall be placed "Issued by:" followed by the name and title of the person authorized to issue the sheet. Immediately below shall be placed "Issued on" followed by the date of issue.

(4) *Effective date.* On the right below the lower marginal ruling shall be placed "Effective:" followed by the specific effective date desired by the company.

(5) *Sheets filed to comply with Commission orders.* Sheets which are filed to make effective rate schedules or provisions ordered by the Commission shall carry the following notation in the bottom margin: "Issued to comply with order of the Federal Power Commission, Docket No. ———, dated ————————."

### § 154.34 Composition of tariff.

(a)(1) Before October 31, 1989, and thereafter under the waiver provisions prescribed in § 385.2011 of this chapter, the tariff must contain, in the order named, sections setting forth a table of contents, a preliminary statement, a map of the system, the rate schedules, general terms and conditions, form of service agreement and an index of purchasers: *Provided, however,* that rate schedules for which special exception has been obtained under § 154.52 may be filed in a separate volume as permitted by § 154.33.

(2) On or after October 31, 1989, the tariff sheets must be submitted on electronic media as prescribed in § 385.2011 of this chapter in the order stated in paragraph (a)(1) of this section except maps and executed service agreements which must be submitted on paper.

(b) Rate schedules shall be grouped according to class and numbered serially within each group, using a letter before the serial number to indicate the class of service. For example, G-1, G-2 may be used for general service; CD-1, CD-2 for contract demand service; I-1, I-2 for interruptible service; T-1, T-2 for transmission service; X-1, X-2 for schedules for which special exception has been obtained.

[Order 144, 13 FR 6372, Oct. 30, 1948; 13 FR 6838, Nov. 20, 1948, as amended by Order 493, 53 FR 15027, Apr. 27, 1988; Order 493-B, 53 FR 49653, Dec. 9, 1988]

### § 154.35 Table of contents.

The table of contents shall contain a list of the rate schedules and other sections in the order in which they appear, showing the sheet number of the first page of each section. The list of rate schedules shall consist of: (a) The symbol designation of each rate schedule, (b) a very brief description of the service, and (c) the sheet number of the first page of each rate schedule.

### § 154.36 Preliminary statement.

The preliminary statement shall contain a brief general description of the company's operations and may also contain a general explanation of its policies and practices. No general rules and regulations shall be included in the preliminary statement, nor any material necessary for the interpretation or application of the rate schedules.

### § 154.37 Map.

The map shall show on a single sheet, if practicable, the general geographic location of the company's principal pipe line facilities and of the points at which service is rendered under the tariff. Where the company's rate schedules are generally available by area, the boundary lines of the rate zones or rate areas should be shown and the areas or zones identified. The map shall be revised annually to reflect major changes if any.

**§ 154.38 Composition of rate schedule.**

The sheets of a rate schedule shall contain a statement of a rate or charge and all terms and conditions governing its application, arranged as follows:

(a) *Title.* Each rate schedule shall have a title consisting of a designation (see § 154.34), and a statement of the type or classification of service to which it is applicable.

(b) *Availability.* This paragraph shall describe the conditions under which the rate is available, and, if necessary, the geographic zone in which available.

(c) *Applicability and character of service.* This paragraph shall fully describe the kind or classification of service to be rendered.

(d) *Statement of rate.* (1) Except as permitted in § 154.52, § 154.82 and Part 282, all rates shall be clearly stated in cents or in dollars and cents per unit. Only the rates and charges to be used in current billing shall be included in the rate schedules.

(2) A rate having more than one part shall have each part set out separately under appropriate headings such as: Demand Charge, Commodity Charge, etc. The minimum bill and other provisions affecting charges shall not be included in this paragraph, but shall be included in subsequent paragraphs.

(3) No rule, regulation, exception or condition such as tax, commodity price index, wholesale price index or other similar price adjustments or periodic changes shall be included in the rate schedule or any other part of the tariff which in any way purports to effect the modification or change of any rate or charge specified in the rate schedule, or the substitution therefor of any other rate or charge: *Provided, however,* a natural-gas company may state in the service agreement or in rate schedules filed pursuant to § 154.52 that it is or will be its privilege, under certain specified conditions, to propose to the Commission a modification, change or substitution of the then effective rate or charge: *Provided further,* That no such clause may effectuate a change in an effective rate or charge except in the manner provided in section 4 of the Natural Gas Act, as amended, and the regulations in this part.

(4) *Refunds.* If a pipeline does not elect to recover its gas costs under the PGA filing procedures in §§ 154.301 through 154.310, and holds supplier refunds for more than 30 days, the jurisdictional portion of supplier refunds (including interest received), applicable to periods in which a PGA clause was in effect, must be flowed through to the pipeline's jurisdictional customers with interest. The reporting requirements for refunds accomplished through billing adjustments are set forth in §§ 270.101(f) and 273.302(f) of this chapter. An interstate pipeline, that does not make a PGA filing under §§ 154.301 through 154.310, but has recovered refunds through billing adjustments pursuant to §§ 270.101(e) or 273.302 of this chapter during a calendar year, must file a refund report for that year by the following March 1 which sets forth all the information required by §§ 270.101(f) and 273.302(f)(2)(i) of this chapter. Any requirement for the serving and filing of other reports showing details of the computations of any such refunds, must be either as agreed in settlement discussions held among the pipeline, jurisdictional customers, interested state commissions, other interested parties, and the Commission staff, or as prescribed by Commission order.

(5)(i) Commission approval may be requested of rate treatment for RD&D expenditures of $50,000 or more related to a project undertaken by the company or as part of a project undertaken by others, or for a group of projects which, in the aggregate, cost $50,000 or more when advance assurance of rate base treatment is desired. This approval may be requested regardless of whether the RD&D is undertaken by the utility or by other party or organization. Approval requests shall describe the project in such detail so as to satisfy the Commission that the project expenditures involved qualifies as being valid, justifiable, and reasonable. In addition, the request shall specifically include the estimated cost of the project and a description of utility's expenditure percentage in the total project program. When a utility participates in a joint project, the contractual agreements should provide the utility complete access to cost records and results related to the project. Records shall be so kept that unscheduled progress reports may be called for as determined by the Commission.

Approval requests shall justify any conduct of or partial support of large-scale demonstration facilities by clearly identifying and justifying the portions of the capital and operating costs which require the high risk financial support necessary to the pursuit of RD&D. The justification of support for a large-scale demonstration facility shall include a statement as to the planned accounting treatment of revenue which may be derived from the facility's product and of proceeds which may be derived from the sale of the facility.

(ii) Where more than one jurisdictional company proposes to support an RD&D organization as defined below, an approval request may be submitted to the Commission by the RD&D organization covering the organization's RD&D program as defined below. Approval by the Commission of such RD&D program shall constitute approval of individual companies' contributions to the RD&D organization. Organizations eligible to receive contributions from companies and to request program approval from the Commission under this section may be RD&D organizations broadly supported by a number of energy industry sectors (e.g., natural gas, electric power, petroleum, coal, nuclear energy); RD&D organizations broadly supported by a single industry sector; regional organizations that work primarily on problems of a regional nature; or consortia of companies that jointly support RD&D programs for the collective benefit of their ratepayers.

(iii) RD&D organizations or individual jurisdictional companies requesting RD&D approval shall annually submit a five-year program plan at least 180 days prior to the commencement of the five-year period of the plan. The plan shall clearly state the objectives within and beyond the five-year period and clearly relate the objectives to the interests of the ratepayers, the public, and the industry and to the objectives of other major research organizations, particularly the U.S. Energy Research and Development Administration. The plan shall contain sufficient budget, technical, and schedule details to afford an understanding of the work to be performed, to allow an assessment of the probability of success, and to permit comparison with other organizations' research plans. The commencement date and expected termination date for individual research, development, and demonstration projects to be initiated during the first year of the plan will be given along with expected annual costs. The plan shall discuss the RD&D efforts and progress since the preparation of the program plan submitted the previous year and shall explain any changes that have been made in objectives, priorities, and budgets since the plan of the previous year. The plan shall identify all jurisdictional companies that will support the program and their budgeted support. The plan shall identify those persons involved in the development, review, and approval of the plan and shall state the amount of effort contributed and the degree of control exercised in each. The principal tests for the adequacy of proposed plan shall be the following guidelines.

(*a*) Evidence that the RD&D objectives of the company or research organization have been clearly established.

(*b*) Evidence that the plan evolves from these RD&D objectives and adequately utilizes the viewpoints of scientific, engineering, industry, economic, consumers and environmental interests.

(*c*) Evidence that an effective mechanism exists and is used for coordinating this research and development plan with other relevant efforts of national scope.

(*d*) Evidence that the project or program is well conceived and has a reasonable chance of benefitting the ratepayer in a reasonable period of time, having due regard to the basic, exploratory or applied nature of each submitted RD&D project.

(*e*) Evidence that whatever achievements may result, including the knowledge gained or technology developed from the RD&D effort, if any, will accrue to the benefit of the sponsoring jurisdictional company(s) and its/their customers.

(iv) Within 120 days of filing of the five-year RD&D plan as defined above, the Commission will state its decision with respect to acceptance, partial acceptance, or rejection of the plan, or, when the complexity of issues in the plan so requires, will set a date certain by which a final decision will be made, or will order the matter set for hearing. Partial rejection of a plan by the Commission will be accompanied by a decision as to the partial level of acceptance which will be proportionally applied to all contributions listed for jurisdictional companies in the plan. Approval by the Commission of a five-year plan constitutes approval for rate treatment of all projects identified as starting during the first year of the approved plan. Continued rate treatment will be dependent upon review and evaluation of subsequent annual reports.

(v) A natural gas pipeline company may submit a research, development and demonstration cost adjustment provision to flow through changes in its expenditures for research, development and demonstration.[4] Changes permitted hereunder include both expenditures chargeable to operations as well as rate base treatment of the balances in account 188 as hereinafter defined. No RD&D adjustment provision shall become effective until authorized by the Commission. No request for RD&D adjustment provision will be considered by the Commission unless the proposed clause indicates the following terms and conditions:

(*a*) The RD&D expenditures adjustment shall be reflected in the company's rates only when it amounts to at least one-tenth of 1 mill ($0.0001) per thousand cubic feet of annual jurisdictional sales. Rate changes shall be applied to the commodity component of the existing rates of a pipeline company's two-part rates and to the volumetric rates of a pipeline company's one-part rates.

(*b*) Rate changes shall be computed and filed not more frequently than semi-annually. Rate changes by companies having Commission approved PGA clauses should be computed and filed to the extent practicable to coincide with the proposed effective date of a PGA rate change.

(*c*) Except in the case of expenditure approval pursuant to § 154.38(d)(5)(ii) RD&D expenditures chargeable to operations which may be tracked and reflected in rates shall be the amount which actual RD&D expenditures during the 12-month period ending 3 months prior to a proposed rate adjustment exceed or are less than (*1*) the amount allowed in the companies last rate proceeding or the average of 3 years RD&D expenditures if such rate adjustment is an initial filing under the subsection; or (*2*) the actual RD&D expenditures in the company's last prior rate adjustment under this section.

(*d*) RD&D expenditures in account 188 which are eligible to receive rate base treatment and which may be tracked and reflected in rates shall be the amount which the actual balances in such account during the 12-month period ending 3 months prior to the proposed rate adjustment exceed or are less than the balances in such account as of the date of this regulation, if an initial filing under this section, or the balances in account 188 included in the company's last prior rate adjustment under this subsection. For the purpose of determining the balance which may be tracked the company shall reduce the balance in account 188 by all moneys recorded in account 495 related to its RD&D expenditures and shall increase or reduce such account balance, as appropriate, by the applicable accumulated deferred income taxes. The rate of return used by the company to determine the rate effect of the rate base treatment of the balance in account 188 shall be the rate of return last allowed by the Commission during the previous 3-year period. If there has been no such rate of return allowed during the previous 3-year period, then, in the absence of evidence submitted to the contrary, the return utilized shall be the present interest rate used for computing refunds as specified in § 154.67.

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[4] For purposes of this subsection, RD&D expenditures represent those cost includable in Account 188, Research, Development and Demonstration expenditures.

(*e*) Any tariff filing made by the company to increase its rates to its customers shall meet the notice requirements of § 154.22, which provide, in pertinent part, that the filing be filed with the Commission and posted (as defined in § 154.16) at least 45 days prior to the date on which any change(s) in its existing rates is to become effective. Simultaneously with the above filing, the company shall furnish the Commission, jurisdictional customers, and interested State Commissions a report containing detailed computations which clearly show the derivation of the proposed rate adjustment. The effect upon jurisdictional rates shall be determined by computing the unit change (either increase or decrease) based upon jurisdictional sales volumes for the 12-month period ending 3 months prior to the proposed rate adjustment. Any RD&D expenditure for which the company has been allowed to track by other regulatory body shall be clearly designated and treated in such a manner so as to avoid double recovery. Each rate adjustment shall become effective on the proposed effective date without suspension provided that except in the case of rate adjustments based on expenditure approval pursuant to § 154.38(d)(5)(ii) any rate increase shall be subject to reduction and refund of any portion found after hearing to be unjustified by a final Commission order.

(*f*) In addition to the above required report containing the derivation of the proposed rate, the following additional data shall be submitted as part of the application: A statement as to the anticipated scope and objective of the RD&D and the relationship of such objective to the jurisdictional service for which the tracking is to apply. If the tracking is not to apply to certain jurisdictional service but is to apply to others, a statement as to the reasons for such determination.

(*g*) No company shall be required to reduce its rate under this subsection by an increment exceeding the aggregate increases allowed thereunder.

(6)(i) A natural gas pipeline company may adjust its rates annually to recover from its customers annual charges assessed it by the Commission under Part 382 of this chapter pursuant to an annual charge adjustment clause (ACA clause). The ACA clause: (A) Must be filed with the Commission; (B) must indicate the amount of annual charges to be flowed through per unit of energy sold or transported (ACA unit charge); and (C) can only be effective if approved by the Commission. A natural gas pipeline choosing to recover its annual charges pursuant to an ACA clause must use the ACA unit charge specified by the Commission at the time the Commission calculates the annual charge bills.

(ii)(A) Except as provided in paragraph (d)(6)(ii)(B) of this section, a company must reflect the ACA unit charge in each of its rate schedules applicable to sales or transportation deliveries. The company must apply the ACA unit charge to the commodity component of rate schedules with two-part rates. The company seeking authorization to use an ACA unit charge must file with the Commission an ACA-related tariff sheet which must include:

(*1*) Language specifying the purpose and manner of collecting the ACA (to collect an ACA per unit charge as specified by the Commission, applicable to all the pipeline's sales and transportation schedules),

(*2*) The per unit charge of the ACA,

(*3*) The proposed effective date of the tariff change (30 days after the filing of the tariff sheet, unless a shorter period is specifically requested and justified in a waiver petition), and

(*4*) An expression of the pipeline's intent not to recover any annual charges recorded in FERC Account No. 928 in a NGA Section 4 rate case,

(*5*) Tariff sheets must be accompanied by the filing fee specified in § 381.204 of the Commission's regulations. Subsequent tariff filings amending the initial ACA-related tariff sheet must be accompanied by the filing fee specified in § 381.205 of the Commission's regulations.

(B) If a pipeline files in 1987 a revision of an ACA-related tariff for the purpose of complying with the requirements of this section, the pipeline will not be required to pay a filing fee for the revised tariff sheet.

(iii) Changes to the ACA unit charge must be filed annually to reflect the annual charge unit rate, as authorized by the Commission each fiscal year. Any tariff filings made by the company to change its ACA unit charge must meet the notice requirements of § 154.22 of this part.

(iv) Only if the company has paid the applicable annual charge in compliance with § 382.103 of this chapter, its ACA unit charge can go into effect.

(v) A company may recover annual charges through an ACA unit charge only if its rates do not otherwise reflect the costs of annual charges assessed by the Commission under § 382.106(a)(i) of this chapter.

(e) *Minimum bill.* The minimum bill heading shall appear on every rate schedule followed by the word "none" if no minimum bill is provided.

(f) *Other provisions.* All other major provisions governing the application of the rate schedule, such as determination of billing demand, contract demand, heat content, measurement base, shall be set forth similarly with appropriate headings, or if appropriate, they may be incorporated by reference to the applicable general terms and conditions.

(g) *Applicable general terms and conditions.* This paragraph shall list by reference the general terms and conditions set forth in the following section which apply to the particular rate schedule.

[Order 144, 13 FR 6372, Oct. 30, 1948]

EDITORIAL NOTE: For FEDERAL REGISTER citations affecting § 154.38, see the List of CFR Sections Affected in the Finding Aids section of this volume.

EDITORIAL NOTE: For documents clarifying amendments issued at 52 FR 21263, June 5, 1987, under Order 472 to § 154.38, see 52 FR 23650, June 24, 1987 and 53 FR 1748, Jan. 22, 1988.

### § 154.39 General terms and conditions.

(a) This section shall contain provisions which apply to all or any of the rate schedules and which may more conveniently be arranged in a separate section of the tariff. Subsections and paragraphs shall be numbered for convenient reference.

(b) The general terms and conditions of the tariff shall contain a statement of the company's policy with respect to the financing and/or construction of sales laterals serving resale customers. For the purposes of this section, the term "sales lateral" is defined as any pipeline extension (other than a main line extension) built from an existing pipeline facility to deliver natural gas to one or more customers of the company inclusive of both new and present purchasers, and, for present purchasers, inclusive of new delivery points and enlargements or replacements of present sales lateral pipelines.

(1) If it is the company's policy to build or contribute to the construction of any sales laterals to resale customers, the statement shall contain the following elements:

(i) An explicit statement in measurable quantitative terms (e.g., estimated revenues, estimated cost of service, estimated sales volumes, pipeline system capacity, or other specific quantitative factors) of the method(s) or formula(s) by which the company determines the amount of its or the purchaser's contribution to the construction of any sales lateral pipeline. If the company's policy contemplates subsequent adjustment of initial contributions to construction to reflect actual operating experience, the statement shall set forth the method by which the adjustment is computed, and shall indicate (*a*) when the adjustment is determined, and (*b*) how the company disburses or collects additional contributions. The statement required by this subparagraph shall be formulated so as to facilitate ready computation of the respective contributions to sales lateral construction of the pipeline company and its purchaser. Reference to imprecise criteria (e.g., "economic feasibility") will be unacceptable.

(ii) The following statement: "Nothing in this policy statement shall require (the company) to file an application for a certificate of public convenience and necessity under section 7(c) of the Natural Gas Act. Nothing in this policy statement, further, shall prevent (the company) from contesting an application for service filed pursuant to section 7(a). (The company) reserves the right to seek a waiver of the policy set forth herein, for good cause shown, during any proceeding before the Commission instituted under section 7 of the Natural Gas Act."

(2) If it is the company's policy not to build or contribute to the construction of any sales laterals to resale customers, the policy statement shall read as follows: "(The company) will not build or contribute to the cost of building any sales lateral pipelines to resale customers." This statement shall be followed by the provision required by paragraph (b)(1)(ii) of this section.

(Secs. 5, 7, 52 Stat. 823, 824; 15 U.S.C. 717d, 717f)

[Order 328, 31 FR 13721, Oct. 25, 1966, as amended by Order 365, 33 FR 10140, July 16, 1968]

### § 154.40 Composition of service agreement.

There shall be submitted as part of the tariff an unexecuted copy of each form of service agreement. The service agreement forms should provide for insertion of such items as the name of the purchaser, service to be rendered, area to be served, maximum obligation to deliver, delivery points, delivery pressure, applicable rate schedules by reference to the tariff, effective date and term, and identification of any prior agreements being superseded.

### § 154.41 Index of purchasers.

(a) The index of purchasers shall contain an alphabetical list of all purchasers under the tariff, showing for each the rate schedule or schedules under which service is rendered, and the following information concerning the contract: (1) The date of execution, (2) the effective date and (3) the term.

(b) The index of purchasers shall be kept current by filing new or revised sheets within 60 days of any change.

### § 154.42 Pricing of gas produced on or after December 1, 1978, by pipelines and pipeline affiliates.

(a) *Applicability.* This section applies to natural gas that is produced by an interstate pipeline or an affiliate thereof and that is delivered to such pipeline or affiliate in a first sale on or after December 1, 1978.

(b) *General rule.* Except as provided in paragraph (c) of this section, natural gas to which this section applies shall be priced at a rate not to exceed the lower of:

(1) The applicable rate under Part 271 or Part 272 of Subchapter H; or

(2) The amount paid in comparable sales between persons not affiliated with such interstate pipeline, affiliate, or each other.

(c) *Cost-of-service treatment.* A pipeline that has been permitted to price its production on a cost-of-service basis may price natural gas to which this section applies on a cost-of-service basis for ratemaking purposes in any pipeline rate proceeding. The Commission will review such a price if it exceeds the maximum lawful price that would otherwise apply to the first sale of such gas at the wellhead under Part 271 or Part 272 of Subchapter H.

(d) *Subchapter H requirements.* A pipeline or affiliate that produces natural gas for which the maximum lawful price under Part 271 or Part 272 of Subchapter H is available under paragraph (b) of this section shall be subject to all the requirements of Subchapter H including the requirement of § 270.101(d)(1) regarding applicable filing requirements under §§ 154.92 and 154.94. Such pipeline or affiliate may apply for a waiver of any time-of-filing requirement in Subchapter H.

(e) *Definitions.* For purposes of this section:

(1) *NGPA definitions.* The terms "interstate pipeline," "affiliate," "first sale," and "intracompany operating statement" have the same meaning for this section as they have for Subchapter H.

(2) *Pipeline rate proceeding.* The term "pipeline rate proceeding" includes a proceeding under §§ 154.305, 154.308, and 154.309.

(Natural Gas Act, 15 U.S.C. 717-717w (1982); Natural Gas Policy Act of 1978, 15 U.S.C. 3301-3432 (1982); Department of Energy Organization Act, 42 U.S.C. 7101-7352 (1982); E. O. 12009, 3 CFR Part 142 (1978))

[Order 391, 49 FR 33858, Aug. 27, 1984, as amended by Order 483, 52 FR 43880, Nov. 17, 1987]

## SPECIAL PERMISSIONS

### § 154.51 Waiver of notice requirements.

Upon application and for good cause shown, the Commission may by order provide that a tariff, contract, or part thereof shall be effective on less than 30 days notice. The Commission, upon request and for good cause shown, may permit a tariff, contract, or part thereof to be filed prior to sixty days before the proposed effective date.

### § 154.52 Exception to form and composition of tariff.

(a) Upon application and for good cause shown, the Commission may permit special rate schedules to be filed in the form of an agreement in the case of special operating arrangements such as for exchange or transportation of natural gas; or for the sale of gas at charges computed on a cost-formula basis, which charges need not be stated in cents or in dollars and cents per unit. Such rate schedules shall conform to the form, type and size specified in § 154.32 and shall contain on each sheet the marginal notation specified in § 154.33. In addition each such rate schedule shall contain a title page which shall show its designation, the parties to the agreement, the date of agreement and a brief generalized description of services to be rendered. Such rate schedules shall not contain any supplements. Any modifications shall be by revised or insert sheets.

(b) Such rate schedules may be included in a separate volume of the tariff, which shall contain a table of its contents. This table of contents shall also be incorporated with the table of contents of other volumes.

(c) Purchased gas cost tracking under special operating arrangements filed pursuant to this section must conform to the requirements set forth in §§ 154.301 through 154.310.

[Order 144, 13 FR 6372, Oct. 30, 1948, as amended by Order 483, 52 FR 43880, Nov. 17, 1987]

## METHOD OF SUBMISSION FOR FILING

### § 154.61 Application.

Sections 154.62 through 154.65, except as otherwise specifically provided in this part, apply to all tariffs, executed service agreements, or parts of service agreements, which are filed after December 1, 1948. On or after October 31, 1989, the materials filed pursuant to §§ 154.62, 154.63 (except § 154.63(b)) and 154.303(e) must be filed on electronic media as prescribed in § 385.2011 of this chapter.

[Order 493, 53 FR 15027, Apr. 27, 1988, as amended by Order 493-B, 53 FR 49653, Dec. 9, 1988]

### § 154.62 Material submitted with initial rate schedule or executed service agreement.

(a) Initial rate schedules or executed service agreements submitted pursuant to this section before October 31, 1989, may be on paper. Initial rate schedules submitted pursuant to this section on or after October 31, 1989, must be on electronic media as prescribed in § 385.2011 of this chapter. On or after October 31, 1989, executed service agreements must be filed on paper.

(b) With the filing of any initial rate schedule or executed service agreement not superseding or making any change in a rate schedule, executed service agreement, or part thereof already on file, there shall be included a letter of transmittal containing a list of the material inclosed, the date on which such filing is proposed to become effective, and a list of the purchasers to whom it has been mailed: *Provided, however,* That the provisions of this section shall not be applicable to filings made pursuant to §§ 154.81 through 154.86.

(c) In addition, the following material shall be submitted where applicable:

(1) *Statement of the reasons for initial rate schedule.* A statement of the nature, and the reason for such proposed initial rate schedule. Data submitted in response to subsequent items

may be included by reference as a part of the response to this item.

(2) *Estimate of sales and revenues under an initial rate schedule or executed service agreement.* An estimate of sales or transportation performed and revenues thereunder, by months, for the 12 months immediately succeeding the proposed effective date. The estimate shall be subdivided by rate schedules, classes of service, customers and delivery points, when more than one is involved. Such data shall include estimates of actual and billing quantities, that are to be used to compute the charges, such as actual demands, billing demands, volumes, heat content, and other determinants.

(3) *Basis of the rate or charge proposed in initial rate schedule.* A statement shall be submitted explaining the basis used in arriving at the proposed rate or charge. Such statement shall clearly show whether such rate or charge results from negotiation, cost of service determination, competitive factors, or others, and shall give the nature of any studies which have been made in connection therewith. If all or any portion of such information has already been submitted to the Commission, specific reference thereto should be made.

[Order 144, 13 FR 6372, Oct. 30, 1948; 13 FR 6838, Nov. 20, 1948, as amended by Order 493, 53 FR 15027, Apr. 27, 1988; Order 493-B, 53 FR 49653, Dec. 9, 1988]

### § 154.63 Changes in a tariff, executed service agreement or part thereof.[1]

(a) *Definitions*—(1) *Changes other than in rate level.* Rate filings for changes other than in rate level include inter alia changes in service agreements (changed contract demand, new delivery points, etc.), tariff provisions (changed penalty provisions, changed delivery pressures, etc.), rate form (where no change in revenue is contemplated).

(2) *Major rate increase.* (i) Rate changes that will result in a general increase in revenues for the stated purpose of obtaining a fair rate of return on jurisdictional sales,

(ii) Rate changes that extend to all, or substantially all, of the jurisdictional sales, or

(iii) Rate changes associated with the delivery of substantially changed volumes of gas to existing customers.

(3) *Minor rate increase.* Minor rate increases usually relate to a few schedules and are designed to bring such schedules into harmony with general tariff policy, to eliminate inequities and to achieve other formal adjustments, in cases where any increase in revenue is subordinate to some other purpose. They include changes that are not designed to provide general revenue increases such as to offset increased cost or otherwise achieve a fair return on the overall jurisdictional business. For the purpose of compliance with this subchapter, proposed increases in rates or charges which, for the test period, do not exceed the smaller of $100,000 or 5 percent, of the revenues under the jurisdiction of the Commission shall be considered minor.

(4) *Rate decrease.* Changes in rate level no part of which directly or indirectly result in any increased charge to a customer or class of customers will be considered as a rate decrease.

(b) *Material to be submitted*—(1) *All filings.* In addition to the requirements in paragraph (b)(5) of this section, with the filing of any tariff, executed service agreement or part thereof which changes or supersedes any tariff, contract or part thereof on file with the Commission, there must be included the following:

(i) A letter of transmittal containing a list of the material enclosed, the date on which such filing is proposed to become effective, the docket number, if any, of the proceeding in which the change was authorized and a list of the names and addresses of the purchasers and State Commissions to whom it has been mailed.

(ii) A statement of the nature, the reasons, and the basis for the proposed change.

(iii) A fee in the amount prescribed in Part 381 of this chapter, unless a petition for waiver is submitted in lieu thereof under § 381.106 of this chapter.

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[1] The provisions of this section shall not be applicable to filings made pursuant to §§ 154.81 through 154.86, unless such filing results in a change in rate, charge, classification or service.

(iv) The representation of the chief accounting officer when the filing is submitted on electronic media on or after October 31, 1989, as prescribed in § 385.2011 of this chapter.

(2) *Changes other than in rate level.* In addition to the material required by paragraph (b)(1) of this section there shall be submitted a comparative statement of sales made, or transportation, exchange, etc., performed, and revenues therefrom, by months and in total, under the present and proposed tariff, contract, or part thereof, setting forth the transactions for the twelve months immediately preceding and for the twelve months immediately succeeding the proposed effective date of the change in tariff, contract, or part thereof. Actual data shall be used as far as possible, and any estimated data shall be designated as such. The statements shall be subdivided by rate schedules, classes of service, customers, and delivery point when more than one is involved. In the event any sale shown separately is made through more than one delivery point, and conjunctive billing is provided by the tariff, the above data may be combined for all delivery points. Such data shall include billing quantities that are used to compute the charges including contract demands, billing demands, metered demands and volumes, heat content, rates and other determinants, in sufficient detail to permit complete verification of the revenues.

(3) *Major rate increase.* Major natural gas companies (as defined in subchapter F, Part 201, Uniform System of Accounts Prescribed for Natural Gas Companies Subject to the Provisions of the Natural Gas Act of this chapter) shall submit, in addition to the material required by paragraph (b)(1) of this section, Statements A to M inclusive and O and P described in paragraph (f) of this section. Nonmajor companies, defined above shall file only Statements L, M, N, O, and P. Statement P, which is required to be submitted by all classes of companies, may be furnished not later than 15 days after the date of the filing. A natural gas company filing another major increase in rates or charges within a period of twelve months after the date of filing of Statements A through M and O and P or after the end of the test period used therein including the period of adjustments shown on Statements A through M may submit for such other increase Statements L, M, and N in lieu of Statements A through M if the proposed new rate increase is filed to compensate only for an increase in the cost of purchased gas and there has been no material change in the company's facilities, sales volumes, and cost of service other than cost of purchased gas since such prior rate increase was filed. However, pipelines with Commission approved PGA clauses conforming to § 154.303 shall not be permitted to include changes in purchased gas cost in filings made under this subparagraph unless they have received a waiver of their PGA election under § 154.303. A pipeline with an effective Commission approved PGA clauses shall reflect in any filing made pursuant to this paragraph the total system weighted average current unit cost of purchased gas reflected in the pipeline's latest effective PGA rate adjustment, unless the pipeline has received a waiver of its PGA election under § 154.303.

(4) *Minor rate increase, rate decrease and changes in cost of service tariff.* Only Statement L through N need be filed in addition to the material required by paragraph (b)(1) of this section. (Statements L through N are not required to make effective rate changes or tariff provisions ordered by the Commission). A pipeline with an effective Commission approved PGA clause conforming to § 154.303 shall not be permitted to include changes in purchased gas costs in rate filings made pursuant to this subparagraph unless the pipeline has received a waiver of its PGA election under § 154.303. A pipeline with an effective Commission approved PGA clause shall reflect in any filing made under this subparagraph the total system weighted average current unit cost of purchased gas reflected in the pipeline's latest effective PGA rate adjustment, unless the pipeline has received a waiver of its PGA election under § 154.303. However, the pipeline may adjust the purchased gas volumes.

(5) On or after October 31, 1989, all filings under § 154.63 must be on electronic media pursuant to § 385.2011 of this chapter, unless a waiver is granted by the Commission.

(c) *Submission and rejection*—(1) *Submission of material by reference.* If all or any portion of the information called for by this section has already been submitted to the Commission or is included among the data filed pursuant to this section, specific reference thereto may be made in lieu of resubmission in response to these requirements.

(i) Before October 31, 1989, copies of material submitted by reference must be made available to the staff and six additional copies thereof must be furnished to the Director, Division of Gas Pipeline Rates (Office of Pipeline and Producer Regulation) to be available to interveners according to their needs, after their intervention has been permitted by the Commission.

(ii) On or after October 31, 1989, copies of material submitted by reference must be on electronic media as prescribed in § 385.2011 of this chapter.

(2) *Item by reference for major rate increase.* In addition to the material required to be submitted pursuant to paragraph (b)(3) of this section, the last FERC Form No. 2 of the natural gas company on file with the Commission shall be made an item by reference. In the event an FERC Form No. 2 for a later calendar year would otherwise be required to be filed with the Commission within 60 days from the end of the base period selected by the natural gas company for its rate increase filing, said FERC Form No. 2 shall be filed concurrently with the rate increase. There shall be furnished to the Director, Division of Gas Pipeline Rates (Office of Pipeline and Producer Regulation) with the rate increase filing, one copy of the FERC Form No. 2 to be available to staff and six additional copies to be available to interveners according to their needs after intervention has been approved by the Commission.

(3) *Reliance on other data.* If the natural gas company has relied on data other than those in Statements A through P in support of its rate increase, such other data, appropriately identified and designated as such and separately stated, shall be submitted in addition to the data required by Statements A to P, in accordance with the requirements of paragraphs (d) and (e) of this section and limited to the test period prescribed in paragraph (e)(2) of this section. Where such other data fails to comply with the requirements herein prescribed, it shall be subject to rejection and if not properly refiled at least 15 days prior to the effective date proposed for the rate filing it may not thereafter be introduced in evidence in the event the proposed rate filing is set for hearing.

(4) *Rejection for noncompliance.* Where the data submitted in compliance with paragraph (b) of this section do not comply with the requirements of the rules and regulations, the rate filing is subject to rejection.

(d) *Form and number of copies*—(1) *Changes other than in rate level.* Filings for changes other than in rate level shall comply with § 154.26.

(2) *Change in executed service agreement.* Agreements intended to effect a change or revision of an executed service agreement shall be in the form of a superseding executed service agreement only. Service agreements shall not contain any supplements, but may contain exhibits (stating contract demand, delivery points, delivery pressures, names of industrial customers of the distributor-customer, names of distributors with one named as agent where delivery to several distributors is effected at the same delivery point and well names) which may be separately superseded.

(3) *Rate changes.* Before October 31, 1989, ten sets of the statements and of the additional information, if any, must be submitted, each set securely bound in a cover. On or after October 31, 1989, the statements and additional information, if any, must be submitted on electronic media as prescribed in § 385.2011 of this chapter.

(4) *Format of statements and schedules.* Amounts purporting to represent book data included in statements and schedules required to be prepared or submitted as part of the filing shall be reported in a separate column or columns. All adjustments to book

amounts shall also be reported in a separate column or columns so that book amounts, adjustments thereto and adjusted amounts will be clearly disclosed.

(e) *Scope and composition of material for major increase*—(1) *Preparation for hearing.* A natural gas company filing for an increase in rates or charges shall be prepared to go forward at a hearing on reasonable notice on the data which have been submitted and sustain the burden of proof imposed by the Natural Gas Act of establishing that its proposed changes are just and reasonable and not unduly discriminatory or preferential. The Commission is desirous of avoiding delay in processing rate filings. To this end, the material relied on in the filing and supporting work papers should be of such composition, scope, and format that it could serve as the company's complete case-in-chief in the event the rate is suspended and the matter is set for hearing to commence on a date within six months from the date of filing. If the rate fixing adjustments presented are not in full accord with a prior Commission decision directly involving the filing company, the company shall include in its working papers alternate material which will reflect the effect of such prior decision. (For purpose of this provision, rate of return is not a rate fixing adjustment.)

(2) *Base and test periods.* (i) If the natural gas company has been in operation for 12 months at the time of the filing, the Statements A to M, inclusive, and O and P or, L through N inclusive, as appropriate, and supporting schedules, shall be based upon a test period which shall consist of a base period of 12 consecutive months of most recently available actual experience, adjusted for changes in revenues and costs which are known and are measurable with reasonable accuracy at the time of the filing, and which will become effective within nine months after the last month of available actual experience utilized in the filing, but in no event shall such test period extend more than nine months beyond the date of filing; *Provided, however,* That, for good cause shown, upon application of the natural gas company made to the Commission 30 days in advance of the rate filing, the Commission may allow reasonable deviation from the prescribed test period; *Provided further,* That the last day of the 12 months of actual experience shall not be more than four months prior to the date of filing the proposed change in rates and charges. The 12 months of experience shall be adjusted to eliminate nonrecurring items (except minor amounts), but this shall not preclude the filing company from including items which, on the basis of existing facts, it can show will be experienced or from including an appropriate normalizing adjustment, e.g., rate case expenses, in lieu of a nonrecurring item. If the natural gas company has had less than 12 months' experience, the test period may consist of 12 consecutive months ending not more than one year from filing date, provided, however, the adjustments are not included for occurrences anticipated after the one-year period. The Commission may allow reasonable deviation from the prescribed test period; also, deviation will be allowed when the filing company proposes to support the changed rate levels with actual expense for a 12 month base period adjusted only for annualization and normalization of those actual costs.

(ii) Adjustments to experience, or estimates where 12 months' experience is not available, may include the amounts for facilities for which a permanent or temporary certificate has been granted, provided such facilities will be in service within the test period, but such adjustments or estimates shall not include any amounts for facilities in respect to which a certificate of public convenience and necessity must be obtained but which has not been issued at the date of filing, nor shall adjustments or estimates include any amounts for other facilities associated therewith. The bases and procedures, including the docket number of each such outstanding certificate and other significant data, used in the derivation of adjustments or estimates shall be submitted in sufficient detail on supporting schedules as to permit ready analysis of such adjustments or estimates.

(3) *Joint facilities.* If the natural gas company operates other departments in addition to the natural gas operations involved in the subject rate increase and has allocated to such natural gas operations any of its investment in joint or other department facilities and the operation, maintenance, depreciation costs or taxes associated therewith, it shall be shown on the statements required to be filed by this section, or the schedules in support thereof, the amounts so allocated together with the methods used in making such allocations: *Provided* That if such allocations are recorded in the natural gas company's books on the basis of current accounting procedures the submittal may be confined to a brief description of the methods followed.

(4) *Working papers and supporting data.* (i) In the statements described in paragraph (f) of this section, certain items are designated as being included in working papers. When the tariff is provided in hard copy before October 31, 1989, there is to be furnished to the Director, Division of Gas Pipeline Rates (Office of Pipeline and Producer Regulation) upon filing the rate increase, one set of working papers for use by the staff and six additional copies of the working papers to be available to interveners according to their needs after intervention has been approved by the Commission. On or after October 31, 1989, working papers must be submitted on electronic media as prescribed in § 385.2011 of this chapter.

(ii) The data in support of the proposed increased rates shall include the required particulars of book data, adjustments and other computations and information on which the company relies to justify the increased rates sought.

(iii) Any data or summaries included in the filing purporting to reflect the books of account shall be supported by accounting working papers, which papers shall set forth all necessary particulars from which an auditor may readily identify the book data included in the filing in separate columns and verify that such data are in agreement with the company's books of account. All statements, schedules, and working papers shall be prepared in accordance with the classifications provided in the Uniform System of Accounts. Working papers prepared in accordance with similar standards and disclosing full particulars properly crossreferenced to the filing and within themselves and indexed shall be available for staff examination in support of all adjustments, computations and other information included in the filing.

(iv) Any company filing for a rate increase shall be responsible for preparing prior to filing and maintaining work papers sufficient to support the filing. Any failure to produce promptly such working papers on request by an authorized representative of the Commission prior to Commission action on the filing shall be cause for rejection of the tendered filing in its entirety. In addition to the working paper support the following specific material related to the base period normally prepared by the filing company shall be available for staff verification and analysis, and a copy shall be furnished on request:

1. Copies of monthly financial reports prepared for management purposes.

2. Copies of accounting analyses of balance sheet accounts.

3. Complete trial balances of all the balance sheet accounts at the beginning and end of the 12 months of actual experience, and revenue and expense accounts for the 12 months of actual experience used for the filing.

4. Analyses of the various miscellaneous revenues and related expenses included in the submitted cost of service.

5. Analyses of surplus and capital surplus accounts.

(5) *Representation of chief accounting officer.* The filing shall include a narrative statement executed by the chief accounting officer or other authorized accounting representative of the filing company representing that the cost statements and supporting data submitted as a part of the filing, as well as working papers required herein, which purport to reflect the books of the company do, in fact, set forth the results shown by such books.

(f) *Description of statements.* Descriptions of Statements A through P and supporting schedules required to be filed pursuant to the directions set out in paragraphs (b) (3), (4), and (5) of this section.

*Statement A—Overall cost of service.* This statement shall summarize the overall gas utility cost of service (operation and maintenance expenses; depreciation, taxes, credits to cost of service and return) developed from the supporting statements described below.

*Statement B—Overall rate base and return.* This statement shall summarize the overall gas utility rate base from the figures contained in Statement C, D, and E. The statement shall also include the claimed rate of return and shall show the application of the claimed rate of return to the overall rate base.

*Statement C—Cost of plant.* This statement shall show in summary form the amounts of gas utility plant classified by Accounts 101, 102, 103, 104, 105, 106, 107, and 117 as of the beginning of the 12 months of actual experience, the book additions and reductions (in separate columns) during the 12 months, together with the book balances at the end of the 12-month period. In adjoining columns there shall be shown the claimed adjustments, if any, to the book balances and the total cost of plant. All adjustments shall be fully and clearly explained in the supporting material submitted.

The following schedules and additional material shall be submitted as part of Statement C:

*Schedule C-1,* showing in columnar form only the ending base period balance, test period adjustments, and test period balance for each of the above accounts, the amounts by detailed plant account prescribed by the Commission's Uniform System of Accounts for Natural Gas Companies (Parts 201 and 204 of this chapter) with subtotals thereof by functional classifications, *i.e.*, Intangible Plant, Manufactured Gas Production Plant, Natural Gas Production and Gathering Plant, Products Extraction Plant, Underground Storage Plant, Local Storage Plant, Transmission Plant, Distribution Plant and General Plant: *Provided, however,* That to the extent plant costs are not available by detailed plant accounts they may be shown by functional classifications.

*Schedule C-2,* showing major plant addition and retirement projects during the nine months after the last month of the base period, brief descriptions, approximate dates of operation or retirement from service and costs classified by functions.

*Schedule C-3,* showing in respect of Accounts 106 and 107, at the end of the 12 months of actual experience a list of uncompleted work orders (small items grouped) claimed in the rate base, giving the work order number, docket number, description and amount of each and the amounts of each type of undistributed construction overheads.

*Schedule C-4,* which material may be contained in Company's FERC Form No. 2, and cross-referenced if such report is up to date, giving details of each storage project owned, showing cost by major functions, and base top gas storage volumes for the test period and for the 12 months of actual experience also making reference to any special rate schedules relating thereto, with monthly volumes and associated dollars for the inputs and outputs for the 12 months of actual experience.

*Schedule C-5,* which is to be part of the working papers, a complete statement of methods and procedures followed in capitalizing interest during construction and other construction overheads, only if a change in such methods and procedures has been made since the end of the year reported in the company's last FERC Form No. 2.

*Schedule C-6,* which is to be part of the working papers, setting forth the cost of plant in service and description thereof carried on the company's books as gas utility plant which was not being used in rendering gas service, only if there is a significant change in such amounts since the end of the year reported in the company's last FPC Form No. 2.

*Statement D*—Accumulated provisions for depreciation, depletion, amortization, and abandonment. This statement shall show the accumulated provisions for depreciation, depletion, amortization, and abandonment (Accounts 108 [detailed by functional plant classification], 111), as of the beginning of the 12 months of actual experience, the book additions and reductions during the 12 months, together with the balances at the end of the 12-month period. In adjoining columns there shall be shown adjustments to these ending book balances and the total adjusted balances. Any authorized negative salvage shall be reflected as a separate and distinct part of Account No. 108. This statement also shall show depreciation reserve associated with onshore and offshore production and gathering plant and transmission plant.

The following schedules and additional material shall be submitted as part of Statement D:

*Schedule D-1,* which is to be part of the working papers showing the depreciation reserve book applicable to that portion of the depreciation rate not yet approved by FERC, the rates, Docket No. and any explanation of the difference. This schedule shall also show the depreciation reserve separated between onshore production and gathering plant and offshore transmission plant.

*Schedule D-2,* which is to be part of the working papers, a description of the methods and procedures followed in depreciating, depleting, or amortizing plant and recording abandonments by the company if any policy change has been made effective since the period covered by the last annual report on FERC Form No. 2 was filed with the Commission.

*Schedule D-3*, with respect to each allocation of an overall account to obtain the amounts applicable to various functional groups of plant, a complete explanation of the method, procedures and significant data used in making the allocation.

*Statement E—Working capital.* This statement shall show the components of working capital, including cash working capital, in such detail as to show how the amount of each component was computed.

This statement shall show the computation of cash working capital claimed as an adjustment to the gas utility's rate base. Any adjustment requested must be based on a fully-developed and reliable lead-lag study. (See § 154.63b.) The components shall include the following: total company revenues, purchased gas costs, storage expense, transportation and compression of gas by others, salaries and wages, administrative and general expenses, income taxes payable, taxes other than income taxes, and any other operating and maintenance expenses.

Cash working capital allowances in the form of additions to rate base may not exceed one-eighth of the annual operating expenses, as adjusted, net of purchased gas costs and non-cash items.

The other components of working capital may include an allowance for the average of 13 monthly balances of materials and supplies prepayments, the unrecovered portion of advances to supplies in Account No. 166 made under contracts executed prior to 10:49 a.m. E.S.T. on December 31, 1975, and gas for current delivery from underground storage. Any item claimed which is different from or in addition to those specified herein shall be explained and the reasons for inclusion therein shall be given.

The following schedules and material shall be submitted as part of Statement E:

*Schedule E-1* setting forth monthly balances for materials and supplies, prepayments, and advances in such detail as to disclose, either by subaccounts regularly maintained on the books or by analysis of the principal items included in the main account, the nature of the charges included therein.

*Schedule E-2* showing the quantities and the respective costs of natural gas stored at the beginning of the test period, the input, output and balance remaining in Mcf and associated costs by months, method of pricing input, output and balance, and the claimed adjustments shall be disclosed and clearly and fully explained.

*Schedule E-3*—If gas is priced in and out of storage through FERC Account No. 191, the base periods storage activity should be reconciled with amounts charged to Account No. 191 and any difference should be fully explained. Companies using the LIFO method of storage accounting shall provide the data required by this schedule by LIFO "layers."

*Schedule E-4* setting forth monthly balances included in Account 188, Research, development, and demonstration expenditures, separately for each project therein immediately followed and increased or reduced, as appropriate, by the applicable accumulated deferred income taxes. This schedule shall also include all related amortization for the same period.

*Schedule E-5* showing the computations, cross-references and sources from which the data used in computing claimed working capital are derived.

*Statement F(1)*—Rate of return claimed. This statement shall show the percentage rate of return claimed and the general reasons therefor.[2]

*Statement F(2)*—This statement shall show, based upon the company's capitalization, the cost of debt capital and preferred stock capital and the return on the stockholder's equity resulting from the overall rate of return claimed.

*Statement F(3)—Debt capital.* This statement shall show the weighted average cost of debt capital based upon the following data for each class and series of long-term debt outstanding according to the balance sheet as of the end of the 12-months' actual experience and as of the end of the nine-month period.

(a) Title.

(b) Date of issuance and date of maturity.

(c) Interest rate.

(d) Principal amount of issue:
  Gross proceeds.
 Underwriters' discount or commission:
  Amount.
  Percent gross proceeds.
 Issuance expense:

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[2] Where any component of the capital of the filing company is not primarily obtained through its own financing, but is primarily obtained from a company by which the filing company is controlled, as defined in the Uniform System of Accounts, then the data required by those statements shall be submitted with respect to the debt capital, preferred stock capital and common stock capital of such controlling company or any intermediate company through which such funds have been secured. Furnish the staff a copy of the latest prospectus issued by the natural gas company, any superimposed holding company or subsidiary companies.

Amount.
Percent gross proceeds.
Net proceeds.
Net proceeds per unit.
(e) Cost of money:
Yield to maturity based on the interest rate and net proceeds per unit outstanding determined by reference to any generally accepted table of bond yields.

(f) If issue is owned by an affiliate, state name and relationship of owner.

(g) If the Company has acquired at a discount or premium, some part of the outstanding debt which could be used in meeting sinking fund requirements, or for other reasons, it shall show the annual amortization of the discount or premium, for each series of debt from the date of reacquisition, over the remaining life of the debt being retired and separately show the total discount and premium, as a result of such amortization, applicable to the test period.

*Statement F(4)—Preferred stock capital.* This statement shall show the weighted average cost of preferred stock capital based upon the following data for each class and series of preferred stock outstanding according to the balance sheet as of the end of the 12-months' actual experience and as of the end of the nine-month period.

(a) Title.
(b) Date of issuance.
(c) If callable, call price.
(d) If convertible, terms of conversion.
(e) Dividend rate.
(f) Par or stated amount of issue:
Gross proceeds.
Underwriters' discount or commission:
Amount.
Percent gross proceeds.
Issuance expenses:
Amount.
Percent gross proceeds.
Net proceeds.
Net proceeds per unit.
(g) Cost of money:
Dividend rate divided by net proceeds per unit.

(h) Whether issue was offered to stockholders through subscription rights or to the public.

(i) If issue is owned by an affiliate, state name and relationship of owner.

*Statement F(5)—Common stock capital.* This statement shall show for each sale of common stock during the five-year period preceding the balance sheet as of the end of the 12-months' actual experience:

(a) Number of shares sold.
(b)(1) Gross proceeds at offering price.
(2) Underwriters' discount or commission:
Amount.
Percent gross proceeds.
(3) Proceeds to applicant.
(4) Issuance expenses:
Amount.
Percent gross proceeds.
(5) Net proceeds:
Offering price per share.
Net proceeds per share.

(c) Book value per share at date immediately prior to issuance:

Closing market price at latest trading date prior to date of issuance.

Latest published earnings per share available at date of issuance.

Dividend rate at date of issuance.

(d) Whether issue was offered to stockholders through subscription rights or to the public; whether common stock was issued for property or for capital stock of others.

The following schedules and additional material shall be submitted as part of Statement F(5):

*Schedule F(5)-1.* Submit information respecting any stock dividends, stock splits or changes in par or estated value during five-year period preceding date of the balance sheet and by months for the 12-month period ended that date.

*Schedule F(5)-2.* Submit following information on outstanding common stock for the five calendar years preceding the date of balance sheet and by months for the 12-month period ended that date:

| | Average number of shares outstanding[1] | Book value (per-share)[1] | Annual earnings (per-share)[2] | Annual dividend rate per-share) | Dividends (percent earnings) | Average market price (based on monthly high-low) | Earnings price ratio[3] | Dividend price ratio[4] |
|---|---|---|---|---|---|---|---|---|
| Years: | | | | | | | | |
| 1 | | | | | | | | |
| 2 | | | | | | | | |
| 3 | | | | | | | | |
| 4 | | | | | | | | |
| Months: | | | | | | | | |
| 1 | | | | | | | | |
| 2 | | | | | | | | |
| 3 | | | | | | | | |
| 4 | | | | | | | | |
| 5 | | | | | | | | |

| | Average number of shares outstanding[1] | Book value (per-share)[1] | Annual earnings (per-share)[2] | Annual dividend (rate per-share) | Dividends (percent earnings) | Average market price (based on monthly high-low) | Earnings price ratio[3] | Dividend price ratio[4] |
|---|---|---|---|---|---|---|---|---|
| 6 | | | | | | | | |
| 7 | | | | | | | | |
| 8 | | | | | | | | |
| 9 | | | | | | | | |
| 10 | | | | | | | | |
| 11 | | | | | | | | |
| 12 | | | | | | | | |

[1] This information need not be submitted by months.

[2] For monthly figures, show latest reported 12-month average.

[3] Relationship of annual earnings per share to average of the 12 monthly high-low market values of stock. In the case of monthly data use latest reported earnings in computing ratio of earnings to average high-low market value for month.

[4] Relationship of dividend per share to average high-low market value of stock.

*Schedule F(5)-3.* If the applicant relied upon ratios or other data concerning the common stocks of other specific companies in reaching its conclusion as to a fair allowance for earnings on common equity, submit the following information to the extent available from published sources respecting the common stock of such other companies:

(a) With respect to recent issuances, the same information as submitted under Statement F(5).

(b) With respect to outstanding issues, the same information as submitted under Schedule F(5)-2.

*Schedule F(5)-4.* Show the earnings per share of common stock which the claimed rate of return would yield.

*Schedule F(5)-5*—Show the "Times Interest Earned," before and after taxes, produced by the claimed rate of return and disclose the method of computation.

*Schedule F(6)*—Submit a Statement of Changes in Financial Position for the base period consisting of the 12 months of actual experience utilized in the test year and for the nine-month adjustment period.

*Statement G—Gas operating revenues and sales volumes.* This statement shall show the operating revenues from sales of gas and other sources classified in accordance with the operating revenue accounts prescribed by the Commission's Uniform System of Accounts, and the related volumes of gas and products. Sales and Services and related volumes shall be classified as between jurisdictional and nonjurisdictional; items which are reflected as credits to cost of service in preparing Statement A, Overall Cost of Service shall be identified. Statement G shall disclose the following, using supporting schedules as necessary.

(a) Revenues by months and the totals thereof for the 12 months of actual experience from jurisdictional sales as computed under the presently effective and proposed rates together with the differences in the annual revenues, and the actual annual revenues from the nonjurisdictional sales.

(b) Revenues by months and the totals thereof for 12 months of actual experience as adjusted for changes which are known and measurable and which are expected to be realized within the test period from jurisdictional sales as computed under the presently effective and proposed rates together with the differences in the annual revenues for the test period, and the annual revenues from the nonjurisdictional sales under the rates effective during the test period.

(c) A schedule showing the revenues from the transportation of gas for others. This schedule shall show by rate schedule the base and test period volumes and revenues and the rates used to develop the test period revenues. In addtion, this schedule shall identify rate schedules under which costs are allocated and rate schedules under which revenues are credited for the test period in the application with cross-references to the other filed schedules of the application.

(d) A schedule showing revenues applicable to the sale of products. This schedule shall show the name and location of each product extraction plant handling gas of the applicant, the inlet and outlet annual Mcf and average heating value of the applicant's gas at each plant (specify dry or wet basis) and the revenues received by the applicant by product by month for each extraction plant for both the base and test period. In addition, the schedule shall show the gallons and price per gallon used to develop the monthly revenues.

(e) A schedule showing Other Gas Revenues (Account No. 495). This schedule shall separately state each item and revenue received for the transportation of liquids, liquefiable hydrocarbon or nonhydrocarbon constituents owned by producers. For both the base and test periods, this schedule shall indicate, by producer contract, the volume transported; the unit rate charged for transportation; the revenues received; the producing area, including block number for offshore areas, which the contract contemplates; and the processing plant where the constituents owned by the producer are removed from the gas stream.

Each jurisdictional sale for resale, and each jurisdictional transportation service, shall be shown separately but the mainline nonjurisdictional sales and nonjurisdictional field sales may be separately grouped and the other sales may also be grouped by the classifications prescribed by the Commission's Uniform System of Accounts for Natural Gas Companies. For each revenue item shown separately, there shall be shown the points of delivery, the billing quantities for each month and their determinants or adjustments (demands, volumes, Btu content, Btu adjustment, etc.), and the maximum single day's delivery in each month if available. In the event any sale shown separately is made through more than one delivery point, and conjunctive billing is provided by the tariff, the above data may be combined for all delivery points.

Adjustments to actual period sales volumes, jurisdictional and nonjurisdictional, shall be fully and clearly explained including reference to any certificate docket authorizing changes in sales.

All penalties paid by jurisdictional customers shall be stated separately from sales revenues.

The total jurisdictional revenues under the proposed increased rates shall be broken down to show demand revenues, commodity revenues, Btu adjustment, etc. The revenue and other data shall be grouped and totaled by rate schedules and by zones.

Credits to cost of service shall set forth the principal components comprising each of the various items which are reflected as credits to cost of service in preparing Statement A. The amounts per books, adjustments and as adjusted shall be clearly set forth.

This Statement G shall be included, in full, in the submittal to the Commission and to all State commissions having jurisdiction over the affected customers of the natural gas company. The submittal to each of the affected customers may be limited to exclude the above details by months except with respect to the gas sales to, or transportation service for, that particular customer, provided a copy of Statement G, in full, is promptly submitted to any affected customer upon such customer's request.

*Statement H(1)—Operation and maintenance expenses.* This statement shall show the gas operation and maintenance expenses according to each account of the Uniform System of Accounts for Natural Gas Companies. The expenses shall be shown under appropriate columnar-headings, as follows, with subtotals for each functional classification: (a) Operation and maintenance expense by months, as booked, for the 12 months of actual experience, and the total thereof, (b) adjustments, if any, to expenses as booked, and (c) total adjusted operation and maintenance expenses claimed. Detailed explanations of the adjustments, if any, and the manner of their determination shall be supplied, specifying the month or months during which the adjustments would be applicable.

The following schedules and additional material shall be submitted as part of Statement H(1):

*Schedule H(1)–1* to be a part of the working papers with respect to the following listed schedules showing the labor costs, materials and other charges (excluding purchased gas costs) and expenses associated with Account Nos. 810, 811 and 812 recorded in each gas operation and maintenance expense account of the Uniform System of Accounts. These expenses shall be shown, under the appropriate columnar-headings, as follows, with subtotals for each functional classification: (a) operation and maintenance expenses by months, as booked, for the 12 months of actual experience, and the total thereof, (b) adjustments, if any, to expenses as booked and (c) total adjusted operation and maintenance expenses claimed. In the event the monthly expenses as presented per books reflect any special accrual or equalization accounting entries for internal purposes, the effect thereof shall be fully disclosed and explained. Any amounts not currently payable, except depreciation charged through clearing accounts, included in operation and maintenance expenses shall be fully explained.

*Schedule H(1)-1(a)—Labor Costs.*

*Schedule H(1)-1(b)—Materials and Other Charges (Excluding Purchased Gas Costs).*

*Schedule H(1)-1(c)—Expenses and Associated Volumes Applicable to Accounts Nos. 810, 811 and 812.* The expenses and volumes for each of the contra-accounts for both base and test periods shall be shown.

*Schedule H(1)-2,* a schedule showing either: (a) In the case of a pipeline which has a Commission approved PGA clause in its tariff, its total system weighted average current unit cost of purchased gas reflected in the pipeline's latest effective PGA rate adjustment. However, the pipeline may adjust its purchased gas volumes as provided in (b) hereof; or (b) in the case of a pipeline which does not have a Commission approved PGA clause in its tariff or in the case of a pipeline which has a Commission approved PGA clause but obtains a waiver of its PGA clause election under § 154.303, the total annual cost of gas purchased for the 12 months of actual experience, the adjustments thereto, and the total adjusted cost for test period, with the data grouped by States and producing areas and detailed by contract or rate schedule designation, field, volumes in Mcf at a common pressure base and price in total for the contracts or rate schedules under which actual or adjusted volumes exceed 1,000,000 Mcf annually. Field purchases under rate schedules where the actual or adjusted volumes are less than 1,000,000 Mcf annually may be grouped by field or producing area. Purchases from pipelines in any volume shall be shown in full detail by rate schedule including splits between demand and commodity charges.

In the event adjustments are made to the volumes of gas taken from any source during the 12 months of actual experience, a detailed explanation and data in support of the adjusted volumes shall be furnished. No adjustments are to be made to reflect the attachment of new gas supplies unless both the filing company and the supplier have each obtained the required permanent or temporary certificates of public convenience and necessity and the necessary facilities by both are or will have been in operation during the test period.

In the event the adjustments to volume aggregate more than 10 percent of the total volume of gas purchased during the 12 months of actual experience, and are due to change in gas purchase pattern or additional gas supply, the minimum take-or-pay-for quantities for each source of supply, applicable at the end of the test year period, and the reasons for making such adjustments shall be submitted.

If the company purchases and sells gas under exchange agreements, the method of recording on books, total gross volumes exchanged, net dollar amounts involved and details of each major exchange shall be submitted. A pipeline operating under the "PGA option" for purchased gas costs shall file a separate attachment as part of this schedule which sets forth the development of the purchased gas costs for the test period including volumes, the PGA rate utilized, the filing date, Docket No., and date of Commission order underlying such unit rate.

*Schedule H(1)-3*, to be a part of the working papers with respect to the following listed expense accounts, there shall be furnished in supporting schedules as designated, for the 12 months of actual experience and claimed adjustments, analytical details which will clearly disclose for each account: A classification of principal charges and credits (all minor items may be grouped); particulars of supporting computations and accounting bases; a description of services and related dollar amounts for which liability is incurred or accrued and name of the firm or individual rendering such services:

*Schedule H(1)-3a*. Account 913—Advertising expenses (analysis need only disclose principal types of advertising such as TV, newspaper, etc.).

*Schedule H(1)-3b*. Account 922—Administrative expenses transferred Credit.

*Schedule H(1)-3c*. Account 923—Outside services employed.

*Schedule H(1)-3d*. Account 926—Employee pensions and benefits (insofar as this account included items other than pensions).

*Schedule H(1)-3e*. Account 928—Regulatory commission expenses.

*Schedule H(1)-3f*. Account 929—Duplicate charges—Credit.

*Schedule H(1)-3g*. Account 930.2—Miscellaneous general expenses.

*Schedule H(1)-3h. Intercompany and interdepartmental transactions.* If the expense accounts contain charges of credits from associated companies or nonutility departments of the company submit a schedule, or schedules, as to each such associated company or nonutility department showing:

(a) The amount of the charges, or credits, during each month and in total for the test year.

(b) The FERC account classification or classifications charged (or credited).

(c) Descriptions of the specific services performed for, or by, the associated company or nonutility department.

(d) Complete particulars as to the bases used in determining the amounts of the charges (credits).

*Statement H(2)—Depreciation, depletion, amortization and negative salvage expenses.* This statement shall show separately the gas plant depreciation, depletion, amortization and negative salvage expenses by functional classifications. The production and gathering function and the transmission function shall be further classified as onshore and offshore. These expenses shall be shown in separate columns as follows: (a) Expenses for the 12 months of actual experience, (b) adjustments, if any, to such expense, and (c) the total adjusted expense claimed. The bases, methods, essential computations and derivation of unit rates for the calculation of depreciation, depletion and amortization expense for the 12 months of actual experience and for the adjustments thereto, if any, shall be fully and clearly explained. The amounts of depreciable plant shall be shown by the functions specified in paragraph C of Account 108, Accumulated Provisions for Depreciation of Gas Utility Plant of the Commission's Uniform System of Accounts for Natural Gas Companies, and, if available, for each detailed plant account (300 Series) together with the rates used in computing such expenses. Any deviation from the rates used in disposing of the applicant's last previous rate filing or determination by the Commission shall be explained, showing the rate or rates previously used together with supporting data for the new rate or rates used for this filing.

The following schedule and additional material shall be submitted as a part of Statement H(2):

*Schedule H(2)-1.* There shall be included in support of Statement H(2) a reconciliation of the depreciable plant shown therein with the aggregate investment in gas plant shown in Statement C, and the expense thereon charged in the first instance to other than prescribed depreciation, depletion, amortization and negative salvage expense accounts. The production and gathering function and the transmission function shall be classified between onshore and offshore.

*Statement H(3)—Income taxes.* This statement shall show the computation of allowances for Federal and State income taxes for the test period based on the claimed return applied to the overall gas utility rate base. To indicate the accounting classification applicable to the amount claimed, the computation of the Federal income tax allowance shall show separately the amounts designated as current tax and deferred tax.

The following schedules and additional material shall be submitted as a part of Statement H(3):

*Schedule H(3)-1,* to be part of the working papers, in support of federal income taxes the company shall submit a complete reconciliation of the book net income with taxable net income as reported to the Federal Internal Revenue Service for the most recent year for which a tax return was filed. A complete explanation of all items in the reconciliations shall be submitted. In the event the tax allowances claimed give effect to omission of items appearing in the reconciliation for the most recent tax return or inclusion of items not appearing therein, the reasons for such omissions or inclusions shall be submitted.

*Schedule H(3)-2,* to be a part of the working papers, where tax depreciation differs from book depreciation, the company shall file a schedule showing the computation of the tax depreciation which will indicate (a) differences between book and tax depreciation on a straight-line basis; and (b) the excess of liberalized depreciation and amortization of emergency facilities over straight-line depreciation for tax purposes for the taxable year or years.

*Schedule H(3)-3,* to be a part of the working papers, if the company joins in the filing of a consolidated federal income tax return there shall be submitted a schedule showing the net taxable income or loss for each company in the consolidation, including an adjustment to effect the exclusion of the excess of liberalized depreciation and amortization of emergency facilities over straight-line depreciation for each company involved. There shall also be submitted with the statement of taxable net income or tax loss of each individual company participating in the consolidated returns, the details of consolidating adjustments, and a computation of the system tax liability based on the consolidated net income for the last tax year ending within the test period, or immediately prior thereto, for which a tax return was filed. In addition, there shall be included a computation showing the percentage of tax savings arising from consolidation for the taxable year or years covered by the test period.

*Schedule H(3)-4,* to be a part of the working papers, if the company claims an allowance for current tax in its cost of service which would be greater than the federal income tax which would actually be payable on the basis of the return allowed in cost of service, full disclosure thereof shall be made, including the allocation among utility and nonutility departments of the tax payable.

*Schedule H(3)-5,* to be a part of the working papers, in support of the claimed allowances for income taxes paid State governments, the company shall submit a schedule showing the income tax paid each State in the current or previous year covered by the test period including the effect of liberalized depreciation on such taxes paid.

*Schedule H(3)-6—Accumulated deferred income taxes.* This statement shall show monthly book balances of accumulated deferred income taxes for each of the 12 months during the base period. In adjoining columns there shall be shown additions and reductions for the nine months subsequent to the base period balance and the total adjusted balance.

*Schedule H(3)-7*—If the company, in a prior rate case, elected to use the South Georgia Method (Docket No. RP77-32, letter order issued May 5, 1978), or another method, a schedule to be a part of the workpapers showing the computation of an updated reconciliation between book depreciable plant and tax depreciable plant and accumulated provision for deferred income taxes, projected through the end of the test period shall be filed. The reconciliation shall be made using the same conditions as that agreed to when the original election was made and should show the amount, if any, of the remaining deficiency in the deferred income tax Account No. 282. In addition, the company shall report any changes made from the effective date of the South Georgia Method, or any other method adopted, and the elections made with Internal Revenue Service regarding gains on reacquired debts in accordance with Internal Service Code sections 108 and 1017.

*Statement H(4)—Other taxes.* This statement shall show the gas utility taxes, other than Federal or state income taxes in separate columns, as follows: (a) Tax expense per books for the 12 months of actual experience, (b) adjustments, if any, to amounts booked, and (c) the total adjusted taxes claimed. Provide the details of the kind and amount of taxes paid under protest or in connection with taxes under litigation. The taxes shall be shown by states and by kind of taxes.

The following schedules and additional material shall be submitted as a part of Statement H(4):

*Schedule H(4)-1*, to be a part of the working papers, shall be submitted showing computations of adjusted taxes claimed in Statement H(4).

*Statement I—Allocation of overall cost of service.* This statement shall show with respect to overall cost of service (Statement A); (a) Grouping and allocation of various items of cost and credits to cost of service into functional totals; (b) Classification of items of cost and credits into demand, commodity, customer or other appropriate categories; and (c) Allocation among jurisdictional and nonjurisdictional sales and service, including allocation factors used and data used in computing such allocation factors.

The following schedules and additional material shall be submitted as part of Statement I:

*Schedule I-1.* Particulars of allocating general or common (joint) costs to various functions.

*Schedule I-2.* Sufficient detailed breakdown or operation and maintenance expense accounts and taxes to disclose how component items (e.g., compressor station fuel, purchased gas, taxes other than income taxes) have been classified among demand, commodity, customer or other category of cost.

*Schedule I-3.* If the revenues from field or gathering system sales are not credited to the cost of service, then a separation of costs applicable to field or gathering system sales from costs applicable to sales from the transmission system shall be made. If such revenues are credited to the cost of service, a statement with respect thereto should be made, together with the reasons therefor.

*Schedule I-4*—Details of base and test period costs of compression and transportation of gas by others setting forth for each service the name of the transporter, the rate schedule or other designation, the base and test period volumes (contract demand and annual) and the demand and commodity rates utilized to develop the costs. In addition, the applicant shall identify those services which are short-term or limited term transportations under NGA and NGPA with appropriate section designation.

*Schedule I-5.* If utilized by applicant in its cost allocation, there shall be furnished, with respect to the various classes of service, the total number of metering points and the number of metering units grouped on the basis of the occurrence of meter reading (such as 24-hour, 7-day, 30-day, etc.)

*Schedule I-6.* Deliveries to the jurisdictional and nonjurisdictional customers on three continuous days of maximum transmission system deliveries during the winter heating season within the 12 months of actual experience, classified as between firm, interruptible, exchange, transportation, gasoline plants, emergency, etc. If the 12 months of actual experience represent a calendar year these data shall be submitted for the winter heating seasons beginning immediately prior to such year and at the end of such year to the extent practicable. The deliveries made from field or gathering systems shall be reported for the same three continuous days as maximum transmission system deliveries. Full particulars and justification shall be furnished of any claimed adjustment to the actual experience of the peak periods used. The deliveries on each of the three days should be submitted together with withdrawals from storage, line-pack fluctuations and temperature. If abnormal amount is supplied from line-pack, the company shall supply the second and third highest three-day peaks, giving the same information on line-pack.

*Schedule I-7* showing by months, and total thereof, for the 12 months of actual experience, the company's Gas Account, in the form required by the Commission's Annual Report Form No. 2 pages 518 and 519. In addition, there shall be shown corresponding estimated data, if claimed to be different from actual experience. The schedule shall show by accounts, purchases made or projected pursuant to Subpart D of Part 284 and § 157.45 of the Commission's regulations.

*Statement J—Allocation of cost of service by zones.* If the rates on file are zoned, or if it is proposed to establish zone rates, the cost of service for the test period shall be further allocated to the existing or proposed rate zones. A detailed description of methods and procedures used to allocate cost to zones shall be given. Where zones are sought to be established for the first time the reasons for this establishment and for the zone boundaries selected shall be set forth.

The following schedules and additional material shall be submitted as a part of Statement J.

*Schedule J-1*, if the system rates are zoned or are to be zoned, the company shall furnish an allocation of system costs. If during the last five years a Commission decision was issued relating to the subject concerning the company, and the company's allocation does not follow such decision, then, in addition, the company shall also furnish in working papers a study and a classification of costs adhering to such decision.

*Schedule J-2*, to be a part of the working papers, if the company's zone costs are determined as provided in Schedule J-1, but the zone rate differentials depart from those resulting from the allocated unit zone costs, the company shall furnish in this schedule the development of the zone rate differentials proposed.

*Statement K—Comparison of estimated revenues with cost of service.* This statement shall consist of a comparison of the total jurisdictional revenues with the allocated cost of service for the test period. Where zone rates are in existence or are proposed, this statement shall also include a comparison of revenues and costs by zones.

The following schedule and additional materials shall be submitted as a part of Statement K:

*Schedule K-1* showing the derivation of each of the increased rates shall be submitted. If the increased rates are predicated on costs as classified and allocated, all calculations involved in derivation of the rates shall be shown. If in computing the increased rates, weight is given in whole or in part to value of service, competition, historical revenue pattern, etc., a full and complete explanation and justification therefor shall be included.

*Schedule K-2*—The company shall furnish a narrative, if not already included in Statement P or elsewhere in its filing, setting forth any changes in cost classification, allocation, crediting, and/or rate design procedures as compared to those used in developing its underlying rates. The filing shall also include a full and complete explanation and justification for any changes.

*Statement L—Balance Sheet.* A balance sheet in the form prescribed by the Commission's Uniform System of Accounts for Natural Gas Companies as of the beginning and end of the 12 consecutive months of the actual experience utilized for the test period, including therein the notes, if any, applicable to the balance sheet; similarly, a balance sheet on a consolidated basis if the natural gas company is a member of a system group of companies.

*Statement M—Income statement.* An income statement, including a section on earned surplus in the form prescribed by the Commission's Uniform System of Accounts for Natural Gas Companies for the 12 consecutive months of actual experience utilized for the test period, including therein the notes, if any, applicable to the income statement; similarly, an income statement on a consolidated basis if the natural gas company is a member of a system group of companies.

*Statement N—Cost determinants for minor changes in rate level.* This group of schedules shall contain the principal determinants essential to test the reasonableness of the proposed rate or charge. Any adjustments to book figures shall be separately stated and the basis for the adjustment shall be explained. The following shall be submitted:

*Schedule N-1.* Cost of plant by functional classification as of the beginning and as of the end of the test period.

*Schedule N-2.* Accumulated provisions for depreciation, depletion, amortization, and abandonment by functional classifications as of the beginning and as of the end of the test period.

*Schedule N-3.* Working capital, setting forth the various components provided for in Statement E. Instead of 13 monthly balances, however, the average may be based on beginning and ending balances for the test period.

*Schedule N-4.* Rate of return claimed with a brief statement of the basis therefor.

*Schedule N-5.* Operation and maintenance expenses by functional classifications.

*Schedule N-6.* Depreciation, depletion, and amortization expense by functional classifications.

*Schedule N-7.* Income tax allowances computed on the basis of the rate of return claimed.

*Schedule N-8.* Other taxes.

*Schedule N-9.* Cost of service allocated to the sales or services for which the increase in rate, or charge is proposed, including the principal determinants used for allocation purposes.

*Schedule N-10.* Comparison of cost of service with revenues under proposed rates for the test period.

*Schedule N-11.* A complete description of amounts, by venture, recorded in Account 188, Research, development, and demonstration expenditures, as of the beginning and end of the test period, increased or reduced, as appropriate, by the applicable accumulated deferred income taxes. This schedule shall also include all related amortization for the same period.

When this group of schedules is filed by a Major company pursuant to § 154.63(b)(3) and the beginning of the 12 consecutive months of the most recently available actual experience is more than one month beyond the 12 months of actual data used in the prior rate increase filing, the natural gas company shall also report separately for the intervening period actual data comparable to that required by Schedules N-1, N-2, N-5, N-6, and N-8, above, and total sales volumes and revenues for such period broken down between jurisdictional and nonjurisdictional sales.

*Statement O—Description of company operations.* A description of the company's area and diversity of operations including the following:

(1) A detailed system map is required only if significant changes have occured since the filing of the last FERC Form No. 2.

(2) A complete rate history showing filing and rate levels since the beginning of the company with a brief description of each filing. Such rate history need be filed every three years and any general rate filing made in the interim reflect only those changes since the last complete rate history filing.

(3) A detailed history of each major expansion (new service), and major abandonment certificate issued to the company by FERC filing for the last three years of the company, along with a brief description of each certificate. Such 3 year certificate history need be filed every 3 years and any general rate filing made in the interim reflect only those changes since the last 3 year rate history filing.

(4) A detailed description of how the company designs and operates its systems, including design temperature or temperatures and the effect of conjunctive billing on design considerations.

*Statement P—Explanatory text and prepared testimony.* This statement shall contain copies of proposed testimony indicating the line of proof which the company would offer for its case-in-chief in the event the rates should be suspended and the matter set for hearing.

[Order 254, 27 FR 9502, Sept. 26, 1962]

EDITORIAL NOTE: For FEDERAL REGISTER citations affecting § 154.63, see the List of CFR Sections Affected in the Finding Aids section of this volume.

### § 154.63a Tax normalization for interstate pipelines.

(a) *Applicability.* (1) Except as provided in paragraph (a)(2) of this section, this section applies, with respect to rate schedules filed by interstate pipelines under §§ 154.62 and 154.63 of this part, to the ratemaking treatment of the tax effects of all transactions for which there are timing differences.

(2) This section does not apply to the following timing differences:

(i) Differences that result from the use of accelerated depreciation;

(ii) Differences that result from the use of Class Life Asset Depreciation Range (ADR) provisions of the Internal Revenue Code;

(iii) Differences that result from the use of accelerated amortization provisions on certified defense and pollution control facilities;

(iv) Differences that arise from recognition of extraordinary property losses as a current expense for tax purposes but as a deferred and amortized expense for book purposes;

(v) Differences that arise from recognition of research, development, and demonstration expenditures as a current expense for tax purposes but as a deferred and amortized expense for book purposes;

(vi) Differences that result from different tax and book reporting of deferred gains or losses from disposition of utility plant;

(vii) Differences that result from the use of the Asset Guideline Class "Repair Allowance" provision of the Internal Revenue Code;

(viii) Differences that result from recognition of purchased gas costs as a current expense for tax purposes but as a deferred expense for book purposes.

(*See* Order No. 13, issued October 18, 1978; Order No. 203, issued May 29, 1958; Order No. 204, issued May 29, 1958; Order No. 404, issued May 15, 1970; Order No. 408, issued August 26, 1970; Order No. 432, issued April 23, 1971; Order No. 504, issued February 11, 1974; Order No. 505, issued February 11, 1974; Order No. 566, issued June 3, 1977; Opinion No. 578, issued June 3, 1970; and Opinion No. 801, issued May 31, 1977.)

(b) *General rules*—(1) *Tax normalization required.* (i) An interstate pipeline must compute the income tax component of its cost of service by using tax normalization for all transactions to which this section applies.

(ii) Except as provided in paragraph (c) of this section, application of tax normalization by an interstate pipeline under this section to compute the income tax component will not be subject to case-by-case adjudication.

(2) *Reduction of, and addition to, rate base.* (i) The rate base of an interstate pipeline using tax normalization under this section must be reduced by the balances that are properly recordable in account 281, "Accumulated deferred income taxes-accelerated amortization property;" account 282, "Accumulated deferred income taxes—other property;" and account 283, "Accumulated deferred income taxes—other." Balances that are properly recordable in account 190, "Accumulated deferred income taxes," must be treated as an addition to rate base.

(ii) Such rate base reductions or additions must be limited to deferred taxes related to rate base, construction or other jurisdictional activities.

(iii) If an interstate pipeline uses an approved purchased gas adjustment clause or a research, development and demonstration tracking clause, the rate base reductions or additions required under this paragraph must apply only to the extent that the balances in account 190 and accounts 281 through 283 are not used, for proposes of calculating carrying charges, as an offset to balances properly recordable in account 188, "Research development and demonstration expenditures," or account 191, "Unrecovered purchased gas costs."

(c) *Special rules.* (1) This paragraph applies:

(i) If the rate applicant has not provided deferred taxes in the same amount that would have accrued had tax normalization been applied for the tax effects of timing difference transactions originating at any time prior to the test period; or

(ii) If, as a result of changes in tax rates, the accumulated provision for deferred taxes becomes deficient in or in excess of amounts necessary to meet future tax liabilities as determined by application of the current tax rate to all timing difference transactions originating in the test period and prior to the test period.

(2) The interstate pipeline must compute the income tax component in its cost of service by making provision for any excess or deficiency in deferred taxes described in paragraphs (c)(1)(i) or (c)(1)(ii) of this section.

(3) The interstate pipeline must apply a Commission-approved ratemaking method made specifically applicable to the interstate pipeline for determining the cost of service provision described in paragraph (c)(2) of this section. If no Commission-approved ratemaking method has been made specifically applicable to the interstate pipeline, then the interstate pipeline must use some ratemaking method for making such provision, and the appropriateness of this method will be subject to case-by-case determination.

(d) *Definitions.* For purposes of this section, the term:

(1) "Tax normalization" means computing the income tax component as if the amounts of timing difference transactions recognized in each period for ratemaking purposes were also recognized in the same amount in each such period for income tax purposes.

(2) "Timing differences" means differences between amounts of expenses or revenues recognized for income tax purposes and amounts of expenses or revenues recognized for ratemaking purposes, which differences arise in one time period and reverse in one or more other time periods so that the total amounts of expenses or revenues recognized for income tax purposes and for ratemaking purposes are equal.

(3) "Commission-approved ratemaking method" means a ratemaking method approved by the Commission in a final decision including approval of a settlement agreement containing a ratemaking method only if such settlement agreement applies that method beyond the effective term of the settlement agreement.

(4) "Income tax purposes" means for the purpose of computing income tax under the provisions of the Internal Revenue Code or the income tax provisions of the laws of a State or political subdivision of a State (including franchise taxes).

(5) "Income tax component" means that part of the cost of service that covers income tax expenses allowable by the Commission.

(6) "Ratemaking purposes" means for the purpose of fixing, modifying, approving, disapproving or rejecting rates under the Federal Power Act or the Natural Gas Act.

(7) For purposes of this section, "interstate pipeline" means a natural gas company engaged in natural gas transportation subject to the jurisdiction of the Commission under the Natural Gas Act.

(8) "Tax effect" means the tax reduction or addition associated with a specific expense or revenue transaction.

(9) "Transaction" means an activity or event that gives rise to an account-

ing entry that is used in determining revenues or expenses.

(Federal Power Act, 16 U.S.C. 792 *et seq.*; Natural Gas Act, 15 U.S.C. 717 *et seq.*; Department of Energy Organization Act, 42 U.S.C. 7101 and 1701, *et seq.*; Administrative Procedure Act, 5 U.S.C. 553 *et seq.*; E.O. 12009, 3 CFR 142)

[46 FR 26637, May 14, 1981. Redesignated and amended at 47 FR 8342, Feb. 26, 1982]

### § 154.63b Cash working capital.

(a) *General rule.* Except as provided in paragraph (b) of this section, any natural gas pipeline company that files an application for a change in a tariff under § 154.63 will not receive a cash working capital adjustment to its rate base.

(b) *Exceptions.* If any participant in a rate proceeding under this part demonstrates with a fully-developed and reliable lead-lag study a net revenue receipt lag or a net expense payment lag ("revenue lead"):

(1) Any demonstrated net revenue receipt lag will be credited to rate base; and

(2) Any demonstrated net expense payment lag will be deducted from rate base.

[Order 383, 49 FR 24892, June 18, 1984]

### § 154.64 Cancellation or termination.

When a filed tariff, contract or part thereof is proposed to be canceled or is to terminate by its own terms and no new tariff, executed service agreement or part thereof is to be filed in its place, the natural-gas company shall notify the Commission of the proposed cancellation or termination on the form indicated in § 250.2 or § 250.3, whichever is applicable, at least thirty days prior to the proposed effective date of such cancellation or termination. A copy of such notice to the Commission shall be duly posted. With such notice, the company shall submit a statement showing the reasons for the cancellation or termination, a list of the affected purchasers to whom the notice has been mailed, the sales made or transportation performed and revenues therefrom, by months, for the twelve months immediately preceding the proposed effective date of the cancellation or termination. Actual data shall be used as far as possible, and any estimated data should be designated as such. Such statement shall be subdivided by rate schedules, classes of service, customers and delivery points when more than one is involved: *Provided, however,* That the filing of such notice shall not be construed as compliance with the requirements of section 7(b) of the Natural Gas Act.

### § 154.65 Adoption of tariff by successor.

Whenever the tariff or contracts of a natural-gas company are to be adopted by another company or person as a result of an acquisition, or merger, authorized by appropriate certificate of public convenience and necessity, or for any other reason, the succeeding company shall file with the Commission and post within thirty days after such succession a certificate of adoption on the form prescribed in § 250.4. Within ninety days after such notice is filed, the succeeding company shall file a tariff with the sheets bearing the correct name of the successor company, to replace the tariff previously adopted.

### § 154.66 Changes relating to suspended tariffs, executed service agreements or parts thereof.

(a) *Withdrawal of suspended tariffs, executed service agreements or parts thereof.* Where a tariff, executed service agreement or part thereof has been suspended by the Commission, it may be withdrawn during the period of suspension only by special permission of the Commission upon application therefor and for good cause shown.

(b) *Changes in suspended tariffs, executed service agreements or parts thereof.* A natural-gas company may not, within the period of suspension file any change in a tariff, executed service agreement or part thereof which has been suspended by order of the Commission except by special permission of the Commission granted upon application therefor and for good cause shown.

(c) *Changes in tariffs, executed service agreement or parts thereof continued in effect, and which were to be changed by the suspended filing.* A natural-gas company may not, within the period of suspension, file any change in a tariff, executed service agreement or part thereof continued in effect by operation of the order of suspension, and which was proposed to be changed by the suspending filing, except by special permission of the Commission granted upon application therefor and for good cause shown.

[Order 159, 16 FR 2389, Mar. 14, 1951]

### § 154.67 Suspended changes in rate schedules; motions to make effective at end of period of suspension; procedure.

(a) *Effect of suspended changes in rate schedules.* If a rate suspension proceeding initiated under section 4(e) of the Natural Gas Act has not been concluded and an order issued by the Commission at the expiration of the suspension period, the proposed change of rate, charge, classification, or service shall go into effect pursuant to motion of the pipeline company proposing the change, so long as the pipeline company complies with all requirements of this section. The pipeline company may file such motion concurrently with the proposed change of rate, charge, classification, or service, at which time the pipeline company may request that the proposed change be effectuated at the expiration of the suspension period. The proposed rate, charge, classification, or service shall become effective as of the date of receipt of such motion by the Commission or the expiration of the suspension period, whichever is later. Three copies of the motion shall be filed with the Commission.

(b) *Reports.* Any pipeline company whose proposed increased rates or charges were suspended and have gone into effect pending final order of the Commission pursuant to section 4(e) of the Natural Gas Act shall:

(1) Keep accurate account of all amounts received under the increased rates or charges which became effective after the suspension period, for each billing period, specifying by whom and in whose behalf such amounts are paid;

(2) Submit annually on or before April 30 of each year to the Commission, in writing (original and one copy) and under oath the following information concerning each billing period, for each purchaser for the previous calendar year:

(i) The monthly billing determinants of natural gas sold and transported to each purchaser under the suspended agreements or tariffs;

(ii) The revenues which would result from such sales if they were computed under the rates in effect immediately prior to the date the proposed increased rates or charges became effective;

(iii) The revenues resulting from such sales as computed under the proposed increased rates or charges that became effective after the suspension period; and

(iv) The difference between the revenues computed in paragraphs (c)(2)(ii) and (iii) of this section.

(3) The Director of the Office of Pipeline and Producer Regulation may require reports on a more frequent basis in individual cases when it is deemed appropriate and necessary to do so, or upon request where good cause is shown.

(c) *Refunds.* (1) Any pipeline company that collects rates or charges pursuant to this section shall refund at such time in such amounts and in such manner as may be required by final order of the Commission the portion of any increased rates or charges found by the Commission in that proceeding not to be justified, together with interest as required in paragraph (c)(2) of this section.

(2) Interest shall be computed from the date of collection until the date refunds are made as follows:

(i) At a rate of seven percent simple interest per annum on all excessive rates or charges held prior to October 10, 1974;

(ii) At a rate of nine percent simple interest per annum on all excessive rates or charges held between October 10, 1974 and September 30, 1979; and

(iii)(A) At an average prime rate for each calendar quarter on all excessive rates or charges held (including all interest applicable to such rates and charges) on or after October 1, 1979. The applicable average prime rate for each calendar quarter shall be the arthimetic mean, to the nearest one-hundredth of one percent, of the prime rate values published in the

Federal Reserve Bulletin, or in the Federal Reserve's "Selected Interest Rates" (Statistical Release G, 13), for the fourth, third, and second months preceding the first month of the calendar quarter.

(B) The interest required to be paid under paragraph (c)(2)(iii)(A) of this section shall be compounded quarterly.

(3) Any pipeline company required to make refunds pursuant to this section shall bear all costs of such refunding.

(Sec. 16, Natural Gas Act, 15 U.S.C. 717o; sec. 309, Federal Power Act, 16 U.S.C. 825h; Department of Energy Organization Act, Pub. L. 95-91; E.O. 12009, 42 FR 46267; Dept. of Energy Organization Act, 42 U.S.C. 7101-7352; E.O. 12009, 3 CFR 142; Interstate Commerce Act, 49 U.S.C. 1, *et seq.*; Natural Gas Act, 15 U.S.C. 717-717w)

[44 FR 53503, Sept. 14, 1979, as amended at 45 FR 3890, Jan. 21, 1980; Order 273, 48 FR 1288, Jan. 12, 1983; 53 FR 14788, Apr. 26, 1988]

## RESTATEMENT OF SCHEDULES FILED PRIOR TO DECEMBER 1, 1948

### § 154.81 Application.

Sections 154.82 through 154.86 apply to effective schedules of rates, charges, classifications, practices, regulations and contracts for the transportation or sale of natural gas subject to the jurisdiction of the Commission filed prior to December 1, 1948 which have not been prepared in accordance with §§ 154.31 through 154.41, and for which special exception has not been obtained under § 154.52.

### § 154.82 Requirement for restatement.

All effective schedules of rates, charges, classifications, practices, regulations, and contracts not prepared in accordance with §§ 154.31 through 154.41 shall be restated and filed as parts of a Tariff in accordance with said sections on or before the dates specified in § 154.83 and duly posted at the time of filing: *Provided, however,* That price provisions which cannot be restated in cents or in dollars and cents per unit, as required by § 154.38(d), without effecting a change in rates or charges may be retained in effect without change; *Provided, further,* That when necessary, pending completion of restatement within the time provided for by § 154.83, schedules may be filed in accordance with this part as in effect prior to December 1, 1948.

### § 154.83 Filing date of restatements.

(a) Natural gas companies shall file, in quintuplicate, restatements of their rate schedules as parts of tariffs on or before the dates specified below, unless an extension of time is granted by the Commission upon application and for good cause shown:

*Companies Making Their Major Sales in and Date*

Colorado, Idaho, Illinois, Indiana, Iowa, Michigan, Minnesota, Missouri, Montana, Nebraska, North Dakota, Ohio, South Dakota, Utah, West Virginia, Wisconsin, Wyoming: On or before March 1, 1949.

Alabama, District of Columbia, Florida, Georgia, Kentucky, Maryland, New York, New Jersey, North Carolina, Pennsylvania, Tennessee, Virginia: On or before April 1, 1949.

Arizona, Arkansas, California, Kansas, Louisiana, Mississippi, New Mexico, Oklahoma, Texas: On or before May 2, 1949.

(b) With the filing of such restatement there shall be included a letter of transmittal containing a list of the material inclosed and a list of the purchasers to whom it has been mailed.

### § 154.84 Plan of restatement.

The restatement shall contain the provisions of schedules of rates, charges, classifications, practices, regulations and contracts effective on the date the tariff is filed. However, concurrent with the restatement, a natural-gas company may propose changes in rates, charges, classifications, services, practices, rules and regulations in accordance with § 154.63 of this part. Differences in the phraseology of schedules should be reconciled whenever possible. The effective date to be shown on the tariff sheets shall be that desired by the company, but not less than 30 days nor more than 60 days after filing pursuant to § 154.83.

### § 154.85 Status of contracts filed as rate schedules and restated.

Each contract, which is now filed as an effective rate schedule, may be continued in effect and shall be considered as an executed service agreement to the extent that the provisions thereof are not superseded by or in conflict with other applicable provisions of the rate schedules and general terms and conditions of the tariff, until such contract expires by its presently provided terms or is replaced by an executed service agreement in a form contained in the tariff: *Provided, however,* That the natural-gas company, concurrent with the filing of the tariff, shall submit, for insertion in front of each such contract, a statement identifying the provisions thereof which are not superseded by or in conflict with other applicable provisions of the rate schedules and general terms and conditions of the tariff and which are to remain in effect: *Provided further, however,* That agreements intended to effect a change or amendment in such contract may be made only by the execution of a form of service agreement contained in the tariff.

### § 154.86 Availability of Commission staff for advice prior to formal filing.

Any natural-gas company restating its schedules in accordance with § 154.82 may informally submit a tariff or any part thereof for the suggestions of the staff of the Commission, or may confer with the staff of the Commission to obtain advice on any problem of restatement, prior to submission of the tariff to the Commission for filing and posting.

## COMPLIANCE BY NATURAL GAS PRODUCERS AND GATHERERS WITH CERTIFICATE AND RATE REQUIREMENTS

### § 154.91 Applicability.

(a) *Definition.* An "independent producer" as that term is used in this part means any person as defined in the Natural Gas Act who is engaged in the production or gathering of natural gas and who sells natural gas in interstate commerce for resale, but who is not engaged in the transportation of natural gas (other than gathering) by pipeline in interstate commerce.

(b) *Filings by operators signatory to a gas sales contract.* (1) Where the operator (i) of a natural gas producing property (not a producer selling pursuant to a percentage formula under paragraph (e) of this section), or (ii) of a plant processing natural gas and located in or near the production area of the gas it processes is a signatory party to a contract for the sale of the gas produced or processed, the operator shall make all the filings required under §§ 154.92 (rate schedules), 154.94 (changes in rate schedules), or 157.23 (applications for certificates) of all signatories for such sale, as well as for the sale and delivery (according to the terms of the contract) of the gas of nonsignatory co-owners. Notwithstanding this requirement for filings by operators, a co-owner who is a signatory party to a contract of sale of natural gas may, but he need not, make his own filings under §§ 154.92, 154.94 and 157.23 in addition to the filings required of the operators.

(2) As a part of his application for a certificate of public convenience and necessity, the operator shall file: (i) A copy of the contract or contracts for the sale of gas in interstate commerce for resale; (ii) the names and percentum of ownership of co-owners whose interest in production is to be delivered to the purchaser under the terms of such contract or contracts; and (iii) a copy of the sales authorization from, or operating agreement with, any nonsignatory co-owners whose gas is so to be delivered.

(c) *Filings by signatory co-owners.* (1) Where gas is delivered by a well, unit, or plant operator under the terms of a contract of sale of an owner or owners to which the operator is not a signatory party, each signatory owner is responsible for making the filings required by §§ 154.92, 154.94 and 157.23 to cover the sale, but any such filings may be made and accepted to cover other co-owners who are joint signatories to the sales contract. As a part of his application for a certificate of public convenience and necessity, such owner shall file a single statement setting forth:

(i) The names of the co-owners (signatory or non-signatory) to whose accounts the gas so delivered is to be credited; (ii) the per centum of ownership of such owners in the well, unit, or plant; and (iii) a copy of the contract or contracts for the sale of gas in interstate commerce for resale. Also, such owner, either at the close of each calendar year or at the end of each twelve-month period following the date of initial filing, shall submit a statement listing any changes in the ownership of working interests, producers, or plant ownership occurring subsequent to the filing of a prior statement hereunder.

(2) Where the operator is an interstate pipe-line transmission company and delivers the gas into its own lines for interstate transmission it shall file a statement setting forth the names of all the co-owners whose gas is so delivered and the respective per centum of ownership therein, and such co-owners shall make all required filings.

(d) *No filings by non-signatories.* Where, under paragraph (b) or (c) of this section, filings of rate schedules, rate changes, and certificate applications covering the sale are required of the operator or of the signatory owners, a non-signatory co-owner may not file rate schedules, rate changes, or certificate applications where his gas is being sold or delivered by the operator according to the terms of a contract to which the co-owner is not a signatory party, whether or not the filings by operator or co-owner as above required have been made. However, the non-signatory co-owner whose gas is being sold by the operator may, where he has reserved the right to do so, elect to take his gas in kind and dispose of it otherwise if and when there has first been obtained authorization therefor to the extent required by section 7 (b), and 7 (c), or other applicable provisions of the Natural Gas Act, and filings have been made as required by section 4 thereof.

(e) *Percentage sales.* Where a producer sells to the operator of a processing plant at a price which is a percentage of the proceeds from the resale of the residue gas, the plant operator shall make all filings required to cover the sale by such producers, which filings shall include a list of the producers from whom the natural gas is purchased, showing the per centum of the resale price received by each from such sale of gas. At the close of each calendar year or at the end of each twelve-month period following the date of initial filing the operator shall submit a further statement listing any changes in the producers from whom the gas is purchased or in the percentum they receive. In cases of percentage sales by producers covered by this paragraph, the producers may not file rate schedules, rate changes, or certificate applications, whether or not the filings by operator as herein required have been made. However, such producer is fully subject to applicable provisions of the Natural Gas Act, including sections 5 and 7 (b).

(f) *Filings by certain nonsignatories.* Where the operator and the signatory co-owners in a particular sale are exempt with respect to such sale pursuant to § 157.40, and where any nonsignatory co-owner's interests are not covered by such exemption, such co-owner may file rate schedules, rate changes, or certificate applications with respect to such interests notwithstanding the provisions of paragraph (d) of this section.

[Order 190, 21 FR 7617, Oct. 4, 1956, as amended by Order 243, 27 FR 1356, Feb. 14, 1962; Order 429, 36 FR 5601, Mar. 25, 1971; Order 556, 41 FR 52443, Nov. 30, 1976]

### § 154.92 Filing of rate schedules by independent producer.

(a) Every independent producer who, on or since June 7, 1954, has engaged in the interstate transportation or sale of natural gas subject to the jurisdiction of the Commission shall on or before December 1, 1954, filed with the Commission rate schedules, as defined in § 154.93, setting forth the terms and conditions of service and all rates and charges for such transportation or sale effective on June 7, 1954. To each such rate schedule, there shall be attached a billing statement, in the format specified in § 250.14.

(b) Every independent producer who subsequent to the effective date of this part, proposes to initiate an interstate transportation or sale of natural gas subject to the jurisdiction of the Commission to an existing or new customer shall file with the Commission not less than 30 days nor more than 90 days prior to the date such transportation or sale is proposed to be initiated a rate schedule, as defined in § 154.93, setting forth the terms and conditions of service and all rates and charges for such transportation or sale. To each such rate schedule there shall be attached a statement, in the format specified in § 250.14, which shows the estimated sales and billing for the first month of service, in sufficient detail to show the method of billing and price used. The statement shall also give the proposed date of commencement of service. A complete copy of all material shall be furnished to each purchaser under the rate schedule. With each such filing there shall be submitted a list of parties to whom such material has been mailed.

(c) Every independent producer who transports or sells less than 100,000 Mcf annually of natural gas subject to the jurisdiction of the Commission may, in lieu of the requirements of paragraphs (a) and (b) of this section file a statement showing (1) the approximate annual volume involved, (2) the rate charged therefor, (3) the name of the purchaser, and (4) the geographical location (field, county, and State) at which delivery is made.

(d)(1) Every independent producer seeking authority to render natural gas service previously authorized by the Commission, as successor in interest in all the properties or other rights covered by a particular rate schedule, shall file three copies of the instrument of assignment whereby the assignee acquired the properties (or rights therein) involved, along with a request that the assignor's rate schedule be redesignated as the rate schedule of the assignee. He shall also file three copies of an informational summary, in the form prescribed in § 250.8 of this chapter, for each contract of sale or transportation of gas involved in the assignment.

(2) Where the authority being sought under paragraph (d)(1) of this section relates only to an assigned portion of the rights covered by the rate schedule of the assignor, the assignee shall file, as his rate schedule, three copies of the assignor's basic contract of sale, as amended, and of the instrument of assignment together with the informational summary required by paragraph (d)(1) of this section.

(3) If the rate schedule of the assignor relating to the rights assigned is in effect subject to refund or if the sale is being made by the assignor under temporary authorization subject to a rate refund condition, authority to render service will be granted to the assignee only upon condition that he file assurance by way of bond or undertaking that he will refund, at such times and in such amounts to such persons as the Commission may find to be entitled thereto any portion of the rate which had been permitted to become effective pursuant to § 154.102 or the rate condition in the assignor's temporary authorization, as may be found by the Commission not to be justified. Assignee's obligation to refund, in the absence of his voluntary assumption of some greater proportion of assignor's liability, shall attach as of the effective date of the Commission's order granting the assignee a certificate or temporary certificate as the base may be unless otherwise ordered or provided.

(Natural Gas Act, 15 U.S.C. 717-717w; Dept. of Energy Organization Act, 42 U.S.C. 7101-7352; E.O. 12009, 3 CFR 142)

[Order 174-B, 19 FR 8808, Dec. 23, 1954, as amended by Order 278, 29 FR 3699, Mar. 25, 1964; Order 556-A, 42 FR 41276, Aug. 16, 1977; Order 196, 46 FR 60432, Dec. 10, 1981]

### § 154.93 Rate schedule defined.

For the purpose of §§ 154.92 through 154.101 "rate schedule" shall mean the basic contract and all supplements or agreements amendatory thereof, effective and applicable on and after June 7, 1954, showing the service to be provided and the rates and charges, terms, conditions, classifications, practices, rules and regulations affecting or relating to such rates or charges, applicable to the transportation of natural gas in interstate commerce or the sale of natural gas in interstate commerce for resale subject to the jurisdiction of the Commission: *Provided*, That in contracts executed on or after April 3, 1961, for the sale or transportation of natural gas subject to the jurisdiction of the Commission, any provision for a change of price other than the following provisions shall be inoperative and of no effect at law; the permissible provisions for a change in price are:

(a) Provisions that change a price in order to reimburse the seller for all or any part of the changes in production, severance, or gathering taxes levied upon the seller;

(b) Provisions that change a price to a specific amount at a definite date;

(b-1) Provisions that permit a change in price to the applicable just and reasonable area ceiling rate which has been, or which may be, prescribed by the Commission for the quality of the gas involved; and

(c) Provisions that, once in five-year contract periods during which there is no provision for a change in price to a specific amount (paragraph (b) of this section), change a price at a definite date by a price-redetermination based upon and not higher than a producer rate or producer rates which are subject to the jurisdiction of the Commission, are not in issue in suspension or certificate proceedings, and, are in the area of the price in question: *Provided further*, That any contract executed on or after April 2, 1962, containing price-changing provisions other than the permissible provisions set forth in the proviso next above shall be rejected.

[Order 242, 27 FR 1357, Feb. 14, 1962, as amended by Order 329, 31 FR 15486, Dec. 8, 1966]

### § 154.94 Changes in rate schedules.

(a) No change shall be made in any rate, charge, or service in effect on and after June 7, 1954, for the interstate transportation or sale of natural gas in interstate commerce subject to the jurisdiction of the Commission by any independent producer required to file rate schedules pursuant to § 154.92, without first filing a change in rates pursuant to section 4 (d) of the Natural Gas Act and in accordance with this section. Each filing of a change in rate schedule must be accompanied by the appropriate fee prescribed in § 381.203 of this chapter, unless a petition for waiver is submitted in lieu thereof under § 381.106 of this chapter.

(b) Except as provided in paragraphs (h) and (i) of this section, every change in any rate schedule, rate, charge, classification, or service effective or applicable to a sale subject to the jurisdiction of the Commission as of June 7, 1954, and on file with the Commission, or required to be filed pursuant to § 154.92, or in any rate schedule, rate, charge, classification or service effective or applicable to a sale subject to the jurisdiction of the Commission initiated subsequent to June 7, 1954, on file with the Commission, or required to be filed with the Commission pursuant to § 154.92 shall be filed with the Commission by an original and three copies not less than 30 days nor more than 90 days prior to the date such change in rate schedule is proposed to be made effective.

(c) The operation of any provision of the rate schedule providing for future or periodic changes in the rate, charge, classification, or service after June 7, 1954, or the operation of any like provision in any initial rate schedule filed after June 7, 1954, shall constitute a change in rate schedule.

(d) Any change in any rate schedule, rate, charge, classification, or service provided in a rate schedule in effect on June 7, 1954, which by the terms of said rate schedule is to be operative after June 7, 1954 and prior to September 15, 1954, may be filed on less than thirty days' prior notice, subject nevertheless to the right of the Commission to suspend any such proposed change, if the Commission in any case shall, within thirty days after the date of filing, find it necessary to suspend such proposed change. If any such proposed change is suspended, the suspension period will begin with the designated effective date of such change.

(e) With each change in rate schedule not constituting a change in rate level by any means there shall be submitted reasons, nature and basis for the proposed change and the date upon which the change is proposed to be made effective. Changes in service such as compression, dehydration, etc., by either seller or buyer shall be considered as a change in the existing rate level.

(f) *Notice of change in rate level.* An independent producer who is proposing a contractual change in rates, charges, etc., shall file the information specified in § 250.14.

(g) A complete copy of all material filed pursuant to this section shall be furnished to each party to the rate schedule. With each such filing there shall be submitted to the Commission a list of the parties to whom such material has been furnished.

(h) *Blanket filing*—(1) *General rule.* An independent producer may file a blanket affidavit under this paragraph under which it may collect any applicable maximum lawful price (including periodic escalations) under sections 102(d), 104, 106(a), 107(c)(5), 108 or 109 of the Natural Gas Policy Act of 1978 (NGPA) or any contract price less than the applicable maximum lawful price which changes monthly in accordance with an NGPA inflation adjustment and to which it is entitled on the basis of having qualified under the Natural Gas Act (NGA) filing requirements for a base rate. Such price may be collected only in accordance with this paragraph. A producer who has qualified under this section to collect a base rate (including periodic escalations) for a sale of natural gas continues to have blanket affidavit coverage for that sale when the price received for the sale is by contract temporarily less than the applicable NGPA maximum lawful price.

(2) *Base rate.* For purposes of this paragraph:

(i) *Definition.* "Base rate" means the maximum lawful price under section 104, 106(a) or 109 of the NGPA applicable to a first sale of natural gas, the maximum lawful price under section 102(d), 107(c)(5) or 108 of the NGPA for first sales for which a jurisdictional agency's determination of eligibility has become final within the meaning of §273.102 of the chapter, or a contract rate which is less than the applicable maximum lawful price under the NGPA and which changes monthly in accordance with an NGPA inflation adustment.

(ii) *Establishment of base rate.* An independent producer has established qualification for a base rate if: (A) It has made a filing with the Commission under § 154.92 or the preceding paragraphs of this section to collect such base rate; (B) such filing has taken effect; and (C) except in the case of minimum rate gas (as defined in § 271.402(b)(9) of this chapter), collection of such rate is permissible under the applicable sales contract. A producer who has qualified for interim collections under § 273.202 or § 273.203 or retroactive collections under § 273.204 of this chapter may charge and collect the applicable maximum lawful price allowable on the date the determination of eligibility for the sales becomes final. However, until the base rate is established under the rate schedule and a blanket affidavit is filed pursuant to requirements of paragraph (h) of this section, the producer is not entitled to collect subsequent monthly escalations in the maximum lawful price applicable on the date of the final determination.

(iii) *Date of base rate.* An initial filing under § 154.92 to collect a base rate has taken effect if such filing has been accepted by the Commission. A rate change filing under the preceding paragraphs of this section to collect a base rate takes effect on the thirty-first day after the date of filing (or any later effective date specified in the filing) unless such filing has been suspended or rejected. In the case of natural gas eligible under section 102(d), 107(c)(5) or 108 of the NGPA, a rate change filing under the preceding paragraphs of this section to collect a base rate takes effect on the latest of the following: the date the determination of eligibility becomes final; the date of initial deliveries; or any other effective date specified in the filing or in the contract authorizing collection of the filed rate. A rate change filing under the preceding paragraphs of this section to collect a base rate less than the maximum lawful price but which changes monthly in accordance with an NGPA inflation adjustment takes effect on the date the otherwise applicable maximum lawful price would take effect.

(3) *Sales covered by affidavit.* An affidavit under paragraph (h)(1) covers:

(i) Any first sale for which qualification to collect the base rate has been established before the date of filing of the affidavit, if such first sale is listed in the affidavit, and

(ii) Any first sale for which qualification to collect the base rate is established on or after the date of filing of the affidavit, if the filing to establish the base rate states that upon establishment of qualification for the base rate, the first sale will be covered by such affidavit.

(4) *Effective date of coverage under affidavit.* (i) An affidavit filed before December 30, 1978, is effective with respect to deliveries, pursuant to a first sale, beginning at the later of December 1, 1978, or the date of qualification of such first sale for the base rate.

(ii) An affidavit filed on or after December 30, 1978, is effective with respect to deliveries, pursuant to a first sale, beginning at the later of the date of qualification of such first sale for the base rate or the date of filing of the affidavit.

(iii) Affidavits with respect to natural gas eligible under section 102(d), 107(c)(5) or 108 of the NGPA which are filed no later than 90 days after the date a determination of eligibility has become final or 90 days after the date certificate authorization is granted become effective on the later of the following: the date the base rate takes effect; or the date a filing to establish the base rate is made (if the filing to establish the base rate is made more than 90 days after the date the determination becomes final or more than 90 days after the date certificate authorization is granted).

(iv) Affidavits filed with respect to natural gas eligible under section 102(d), 107(c)(5) or 108 of the NGPA, and filed later than 90 days after the date the determination becomes final or the date certificate authorization is granted, become effective on the date the affidavit is filed or the date of the filing to establish the base rate, whichever is later.

(5) *Effect of affidavit.* An affidavit filed under this paragraph is deemed to be a notice of change in rate for purposes of section 4(d) of the NGA. A filing made under this paragraph does not constitute a waiver of the right to apply for a higher rate under sections 104(b)(2), 106(c) or 109(b)(2) of the NGPA.

(6) *Form.* Any affidavit filed under paragraph (h)(1) of this section shall be signed in accordance with § 274.201(c) of this chapter. The form for such affidavit appears as Appendix A to this section. Concurrently with any filing made under this paragraph, the filing party must serve each affected purchaser with a copy of the affidavit.

(7) *Contractual authorization.* Except in the case of minimum rate gas (as defined in § 271.402(b)(9) of this chapter), neither the filing of a blanket affidavit, nor the acceptance for filing of such an affidavit by the Commission, will affect any person's contractual right to purchase natural gas at a rate which is less than the applicable maximum lawful price under the NGPA. For special rules respecting contractual authorization to collect NGPA rates, see § 270.205.

(8) *Protests.* Any protest to a blanket affidavit shall be submitted to the Commission.

(i) In the case of a protest by the purchaser in the first sale, within 60 days from the filing of the blanket affidavit or August 15, 1979, whichever is later; or

(ii) In any other case, within 60 days of the filing of the evidentiary submission referencing the contract which governs the sales covered by the blanket affidavit, or October 15, 1979, whichever is later. A protest under this clause shall also be served upon the purchaser in the first sale.

(i) *Interim and retroactive collections*—(1) *Filings.* Compliance with the applicable filing requirements imposed by §§ 273.201(c), 273.202(d), 273.203(c), and 273.204(c)(3) of this chapter shall be deemed to satisfy the requirements of paragraph (b) of this section and section 4(d) of the Natural Gas Act for first sales of natural gas to which the Natural Gas Act remains applicable and for which an interim or retroactive collection is authorized by Part 273 of this chapter. The 30 day notice otherwise required by section 4(d) of the Natural Gas Act is waived.

(2) *Contractual authorization.* Neither the filing described in paragraph (i)(1) of this section nor the acceptance of such filing by the Commission, will affect any person's contractual right to purchase natural gas at a rate which is less than the applicable maximum lawful price under the NGPA.

(3) *Protests.* (i) Any protest shall be submitted to the Commission.

(A) In the case of a protest by the purchaser in the first sale, within 60 days from the date of such filing or August 15, 1979, whichever is later; or

(B) In any other case, within 60 days of the filing of the evidentiary submission referencing the contract which governs the sales covered by the interim or retroactive collection filing, or October 15, 1979, whichever is later. A protest filed under this subclause shall also be served upon the purchaser in the first sale.

(ii) If a protest is made with respect to a filing under paragraph (i)(1) of this section, on the grounds of lack of contractual authorization, then notwithstanding § 273.302(f) of this chapter, any refund obligation under § 273.302 of this chapter shall continue until contractual authorization is established or until refund is made in accordance with the direction of the Commission.

(j) *Evidentiary submission by pipeline, protest procedure.* (1) *Evidentiary submission.* Each interstate pipeline which purchases natural gas in a first sale and sells such gas for resale shall file an evidentiary submission which shall include:

(i)(A) The rate schedule number assigned by the Commission for each contract for each first sale of natural gas for which the seller has made a rate increase filing under paragraph (h) or (i) of this section;

(B) The date of the contract for each first sale of natural gas by a small producer for which the small producer has asserted the right to collect the maximum lawful price under the NGPA.

(ii) The name of the seller for each contract listed in paragraph (j)(1)(i) of this section;

(iii) The section or sections of the NGPA which are applicable to each first sale of natural gas under each contract listed in paragraph (i)(1)(i) of this section;

(iv)(A) A statement specifying whether or not, in such pipeline's opinion, the seller has contractual authority to collect the filed-for NGPA rate, and (B) the text of any contract provisions, and any other evidence, which the pipeline believes constitutes, or may constitute, contractual authority for the seller to charge and the pipeline to pay a maximum lawful price under the NGPA; and

(v) The rate schedule number (or if none has been assigned, the date of the contract) for each natural gas contract listed in paragraph (j)(1)(i) of this section with respect to which the pipeline has filed a protest on grounds of lack of contractual authorization under paragraph (h)(8) or (i)(3) of this section or under § 157.40(1)(c)(v)(B).

(vi) Any requirement of this section for data which has previously been submitted in an evidentiary submission under this section may be satisfied by a specific reference sufficient to locate the data in the prior evidentiary submission.

(2) *Filing.* (i) The evidentiary submission required by paragraph (j)(1) of this section shall be filed with the Commission, and, if requested, served on the seller in the sale, and any state Commission, interstate pipeline or local distribution company. In the case of all contracts except small producer contracts, the evidentiary submission shall be filed by the later of:

(A) August 15, 1979, or

(B) 60 days from the date the pipeline received notice of:

(*1*) An interim collection to be made pursuant to § 273.202(d)(1);

(*2*) A retroactive collection to be made pursuant to § 273.204(c)(3)(iii); or

(*3*) A filing pursuant to paragraph (h)(6) of this section. In the case of small producer contracts, as defined in § 157.40(a), the evidentiary submission shall be filed no later than September 5, 1979, or, not later than 60 days after the date on which the pipeline knew or should have known of the seller's assertion of contractual authority to charge and collect a maximum lawful price under the Natural Gas Policy Act of 1978, whichever is later. In either case, the seller in the first sale may request a service list of the parties served with the evidentiary filing.

(ii) The seller in the first sale may submit, to the Commission and any other party served with the evidentiary submission, any supplemental information deemed relevant to the evidentiary submission.

(3) *Contents of protests.* Each protest filed under paragraph (h)(8) or (i)(3) of this section or § 157.40(c)(1)(v)(B) shall

(i) Specifically identify the contract which is protested,

(ii) Set forth the text of the contractual provisions which the protestor believes is inconsistent with the conclusion that the contract authorizes the seller to collect the filed-for NGPA rate, and the specific reasons why the protestor believes such inconsistency exists, and

(iii) May include any other evidence which the protestor believes is relevant to the issue of the existence of contractual authorization to collect the NGPA rate.

(4) *Protest procedure.* (i) Each protest filed under paragraph (h)(8) or (i)(3) of this section or § 157.40(1)(c)(v)(B) of this subchapter shall be noticed in the FEDERAL REGISTER and transmitted to the Chief Administrative Law Judge for assignment to an Administrative Law Judge. A protest will be set for hearing unless summary disposition is made of the protest.

(ii) Upon receipt by the Commission of any protest referred to in paragraph (j)(i) of the section, the seller in the first sale shall be joined as a party.

(iii) Upon receipt by a pipeline of any third-party protest referred to in paragraph (j)(4)(i) of this section, the pipeline shall mail within thirty days to the seller under the contract a copy of such third-party protest. For purposes of this clause, a third-party protest is a protest by a party who is not a party to the contract which is protested.

(5) *Authority of Chief Administrative Law Judge.* (i) In the case of any proceeding relating to a protest filed under paragraph (h)(8) or (i)(3) of this section or under § 157.40(1)(c)(v)(B), the Chief Administrative Law Judge is authorized to issue such procedural orders, including orders setting matters for heating, severing and consolidating proceedings and certifying questions to the Commission, as he determines necessary or appropriate for the expeditious consideration of such protests. The Chief Administrative Law Judge may, by such order, authorize the Administrative Law Judge to whom a protest is assigned to issue similar procedural orders relating to that protest.

(ii) Part I of the Commission's regulations (relating to rules of practice) shall apply to such protest proceedings except to the extent otherwise provided by a procedural order issued under paragraph (j)(5)(i) of this section. Section 385.715 of this chapter shall apply to any procedural order issued under paragraph (j)(5)(i) of this section.

(6) *Definitions.* For purposes of this paragraph the terms "first sale" and "interstate pipeline" have the same meaning as they do under section 2 of the NGPA.

(k) *Affidavit to collect production-related costs*—(1) *General rule.* If an independent producer has made an effective filing under paragraph (h) of this section, the producer may file an affidavit under this paragraph under which he may, in addition to the base rate described under the affidavit filed under paragraph (h) of this section, collect an amount necessary to recover production-related costs if:

(i) The producer is permitted, in accordance with § 271.1104 of this chapter, to charge for the production-related costs; and

(ii) The production-related costs are incurred as part of the sales transaction described in the filing made under paragraph (h).

(2) *Amendments.* The affidavit filed under paragraph (k)(1) of this section shall be amended to reflect any changes in eligibility to recover production-related costs under new or old contracts.

(3) *Effect of affidavit.* An affidavit filed under paragraphs (k)(1) or (k)(2) of this section shall be deemed to be a notice of change of rate for purposes of section 4(d) of the Natural Gas Act.

(4) *Effective date of coverage under affidavit.* Except as otherwise permitted for delivery and compression allowances under § 271.1104(d)(1)(iv)(B) and § 271.1104(e), an affidavit filed under this paragraph by May 6, 1983, shall become effective with respect to deliveries beginning on March 7, 1983; an affidavit filed under this paragraph after May 6, 1983, shall become effective on the date of filing with respect

to deliveries beginning on and after the date of filing. Any amendment filed under paragraph (k)(2) of this section will be subject to the filing requirements of § 154.92 of this chapter.

(5) *Form of affidavit and service.* Any affidavit filed under paragraph (k)(1) of this section shall be signed. The form for such affidavit appears as Appendix B to this section. Concurrently, with any filing made under this paragraph, the filing party must serve each affected purchaser with a copy of the affidavit or amendment.

(6) *Protests.* Any protest to the filing of an affidavit under paragraphs (k)(1) and (k)(2) of this section shall be submitted to the Commission under the provisions of § 385.211 of this chapter (Rule 211).

### APPENDIX A TO § 154.94

### BLANKET AFFIDAVIT FILING UNDER § 154.94(h)

——— (the affiant) certifies that he or she is ——— (exact legal title or capacity of the affiant) of ——— (filing party) and, that:

(1) Under 18 CFR 154.94(h) the filing party is entitled, and intends, to collect a maximum lawful price (including periodic escalations) under section 102(d), 104, 106(a), 107(c)(5), 108, or 109 of the Natural Gas Policy Act of 1978 (NGPA) or a lesser contract rate which changes monthly in accordance with an NGPA inflation adjustment for each of the sales identified in the form attached as Exhibit A to his or her affidavit; and

(2) He or she will notify the Commission that additional first sales are covered by this affidavit in accordance with the requirements of section 154.94(h).

The undersigned swears or affirms that with respect to each rate filing under 18 CFR 154.92 or 154.94 which is identified in Exhibit A and on which he or she relies to collect the applicable price under this affidavit, he or she has made a diligent inquiry of individuals with personal knowledge of the facts contained in such filing and has determined after such inquiry that all statements made in such filings are true and accurate to the best of his or her knowledge, information and belief concerning, among other things, the factors relating to the eligibility to charge the rates therein, and that he or she has examined the prices to be charged under the NGPA for sales covered by this affidavit and found them to be in accordance with sections 102(d), 104(b)(1)(A), 106(a), 107(c)(5), 108 and 109 of the NGPA.

Signature ———————————

### EXHIBIT A

Respondent name and code———————

| Rate schedule no. | Buyer name | Applicable just and reasonable rate previously established under NGA | Applicable NGPA rate | Effective date of rate establishment |
|---|---|---|---|---|
| | | | | |

#### INSTRUCTIONS FOR COMPLETING EXHIBIT A

I. *General Instructions.* Exhibit A shall be attached to the affidavit filed pursuant to section 154.94(h)(1) to identify those sales that qualify for the maximum lawful price permitted under section 102(d), 104, 106(a), 107(c)(5), 108, or 109 of the NGPA, or any lesser contract rate which changes monthly in accordance with an NGPA inflation adjustment. Where necessary, the list may be continued on succeeding pages in the same form. An affidavit and Exhibit A or revised Exhibit A thereto may be filed in conjunction with a qualifying initial service application and should be attached to the billing statement filed therewith. A "yes" answer to Item 9 on Format No. 559 (§ 250.14) is considered a revision of Exhibit A.

II. *Specific Instructions. Respondent Name and Code:* Enter the name of the respondent and the code, if any, assigned to the respondent from the publication entitled Buyer/Seller Codes.

*FERC Rate Schedule Number:* Enter the rate schedule number assigned by the FERC. If none, enter the contract date.

*Buyer Name:* Enter the buyer name.

*Applicable Just and Reasonable Rate Previously Established Under the NGA:* Enter either the base rate (Mcf at 14.73 psia) reflected in the last notice of change in rate submitted for the vintage involved or the base rate reflected in the initial billing statement. *See* § 250.14 of this chapter.

*Applicable NGPA Rate:* Enter the maximum lawful MMBtu ceiling price (excluding taxes) for the vintage involved.

*Effective Date of the Rate Establishment:* Enter the proposed effective date of the NGPA rate.

### APPENDIX B TO § 154.94

### BLANKET AFFIDAVIT FILING UNDER § 154.94(k)

——— (the affiant) certifies that he is ——— (exact legal title or capacity of the affiant) of (filing ——— party) and, that:

(1) Under 18 CFR 154.94(k) the filing party is entitled, and intends, to collect an adjustment under section 110 of the Natural Gas Policy Act of 1978 (NGPA) for each of the sales identified in the form attached as Exhibit A to his affidavit; and

(2) he will notify the Commission of any changes to be covered by this affidavit in accordance with the requirements of § 154.94(k)(2).

The undersigned swears or affirms that with respect to each rate schedule which is identified in Exhibit A and on which he relies to collect the applicable production-related cost allowance, he has made a diligent inquiry of individuals with personal knowledge of the facts contained in such filing and has determined after such inquiry that all statements made in such filing are true and accurate to the best of his knowledge, information and belief concerning, among other things, the factors relating to the eligibility to charge the allowances therein, and that he has examined the schedules covered by this affidavit and found them to be in accordance with sections 110 of the NGPA and § 271.1104 of Title 18 Code of Federal Regulations.

Signature ———————————

### EXHIBIT A

Respondent name ———————————

| FERC rate schedule No. | Buyer | Applicable NGPA section | Type of adjustments |
|---|---|---|---|

### INSTRUCTIONS FOR COMPLETING EXHIBIT A

I. *General Instructions.* Exhibit A shall be attached to the affidavit filed pursuant to § 154.94(k) to identify those sales which qualify for production-related allowances established by the Commission pursuant to section 110 of the NGPA. The rate schedules should be shown in numerical sequence, and where necessary the list may be continued on succeeding pages in the same form.

II. *Specific Instruction. Respondent Name.*

Enter the name of the respondent.

*FERC Rate Schedule Number:* Enter the rate schedule number assigned by the FERC. If none, or unknown, enter the contract date and certificate docket number, if known.

*Buyer Name:* Enter the buyer name.

*Applicable NGPA Section:* Enter the NGPA section applicable to the sales qualifying for the allowance (i.e., section 102(d), 104, 106(a), 107(c)(5), 108, 109).

*Type of Adjustment:* Enter the type of adjustment (e.g., delivery, compression, treating, conditioning).

(Natural Gas Act, as amended, 15 U.S.C. 717 et. seq., Department of Energy Organization Act, Pub. L. 95-91, 42 U.S.C. 7101-7352 and 7107 et seq., E.O. 12009, 42 FR 46267 Natural Gas Policy Act of 1978, Pub. L. 95-621, 15 U.S.C. 3301 et seq., Administrative Procedure Act, 5 U.S.C. 553, 3 CFR 142)

[Order 174-B, 19 FR 8809, Dec. 23, 1954]

EDITORIAL NOTE: For FEDERAL REGISTER citations affecting § 154.94, see the List of CFR Sections Affected in the Finding Aids section of this volume.

### § 154.95 Oral agreements.

If any rate schedule or change in a rate schedule is not in writing, its terms shall be reduced to writing and filed with the Commission. If the parties are not able to agree to the precise terms within a reasonable time, the applicant shall file, in triplicate, a statement of his understanding of the agreement, serving a copy thereof on the other parties to the agreement. Such other parties, in the latter event, may subsequently file, in triplicate, their understanding of the agreement.

[Order 174-B, 19 FR 8809, Dec. 23, 1954, as amended by Order 202, 23 FR 3716, May 29, 1958]

### § 154.96 Filing date.

Filing date means the day on which a rate schedule, or a change in rate schedule, is received in the office of the Secretary of the Commission in compliance with the requirements of §§ 154.92 through 154.99.

[Order 174-B, 19 FR 8809, Dec. 23, 1954]

### § 154.97 Cancellation or termination—assignment of interest.

(a) When a rate schedule or part thereof is proposed to be cancelled or is to terminate by its own terms and no new rate schedule or part thereof is to be filed in its place, the independent producer shall notify the Commission of the proposed cancellation or termination at least 30 days prior to the proposed effective date of such cancellation or termination. Such notice shall be in the form prescribed in § 250.9 of this chapter and shall contain a statement showing the reasons for the cancellation or termination and a certification that such notice of cancellation or termination has been served on the affected party or parties, together with names of parties to whom the notice has been mailed.

(b) When part of the acreage or other interest of an independent producer is proposed to be assigned to a successor who intends to render service from the same acreage as the assignor pursuant to the terms of the assignor's effective rate schedule, the assignor shall file with the Commission three copies of the instrument whereby the assignment is effected.

[Order 278, 29 FR 3700, Mar. 25, 1964]

### § 154.98 Waiver of notice requirements.

Upon application and for good cause shown, the Commission may by order provide that a rate schedule or a change in rate schedule shall be effective on less than 30 days' notice. The Commission upon request and for good cause shown may permit a rate schedule or a change in rate schedule to be filed prior to 90 days before the effective date.

[Order 174-B, 19 FR 8809, Dec. 23, 1954]

### § 154.99 Number of copies; material to be submitted with changes in rate schedules.

(a) Three copies of any rate schedule or part thereof, and material required by § 154.95 to be filed therewith, and Notices of Cancellation or Termination submitted for filing, must be supplied to the Commission. The Commission reserves the right to request additional copies. All copies are to be included in a single package, insofar as possible, together with a letter of transmittal and other material and information required by this part, addressed to the Secretary of the Federal Power Commission, Washington 25, D.C.

(b) Such letter of transmittal shall contain a complete list of all material being filed, properly designated so that each item is easily identifiable.

[Order 174-B, 19 FR 8809, Dec. 23, 1954, as amended by Order 195, 22 FR 1329, Mar. 5, 1957]

### § 154.100 Rejection of rate schedules and material submitted for filing.

The Commission reserves the right to reject any rate schedule or material submitted for filing which fails to comply with the requirements of §§ 154.92 through 154.99.

[Order 174-B, 19 FR 8809, Dec. 23, 1954]

### § 154.101 Acceptance for filing not approval.

Acceptance for filing of any rate schedule or part thereof, or of a Notice of Cancellation or Termination, is not to be construed as approval by the Commission, nor to serve in lieu of any requirements under section 7 of the Natural Gas Act.

[Order 174-B, 19 FR 8809, Dec. 23, 1954]

### § 154.102 Suspended changes in rate schedules; motions to make effective at end of period of suspension; procedure.

(a) *Effect of suspended changes in rate schedules.* If a rate suspension proceeding initiated under section 4(e) of the Natural Gas Act has not been concluded and an order issued by the Commission at the expiration of the suspension period, the proposed change of rate, charge, classification, or service shall go into effect pursuant to motion of the independent producer proposing the change so long as the independent producer complies with all requirements of this section. The independent producer may file such motion concurrently with the proposed change of rate, charge, classification, or service, at which time the independent producer may request that the proposed change be effectuated at the expiration of the suspension period. The proposed rate, charge, classification, or service shall become effective as of the date of receipt of such motion by the Commission or the expiration of the suspension period, whichever is later. Three copies of the motion shall be filed with the Commission. The Secretary, upon receipt of such motion, shall, if the motion is legally adequate for the purpose, notify the movant that the proposed rate change shall be effective as provided in this section: *Provided*, That the Secretary shall refer to the Commission any motion requesting that a change in rate, charge, classification, or service be made effective, if in his judgement the motion should receive the specific attention of the Commission.

(b) *Recordkeeping.* Any independent producer whose proposed increased rates or charges were suspended and have gone into effect pending final order of the Commission pursuant to section 4(e) of the Natural Gas Act shall:

(1) Keep accurate accounts of all amounts received by reason of the increased rates or charges which became effective after the suspension period, for each billing period, specifying by whom and in whose behalf such amounts are paid;

(2) Record for each purchaser:

(i) The monthly billing determinants of natural gas sold and delivered to each purchaser under the suspended agreements and tariffs;

(ii) The revenues which would result from such sales if they were computed under the rates in effect immediately prior to the date the proposed increased rates or charges became effective;

(iii) The revenues resulting from such sales as computed under the proposed increased rates or charges that became effective after the suspension period; and

(iv) The difference between the revenues computed in paragraphs (c)(2)(ii) and (iii) of this section.

(c) *Refunds.* (1) Any independent producer that collects rates and charges pursuant to this section shall refund at such times, in such amounts to the persons entitled thereto and in such manner as may be required by final order of the Commission the portion of any increased rates or charges found by the Commission in that proceeding not to be justified, together with interest thereon as required in paragraph (c)(2) of this section.

(2) Interest shall be computed from the date of collection until refunds are made as follows:

(i) At a rate of seven percent simple interest per annum on all excessive rates or charges held prior to October 10, 1974;

(ii) At a rate of nine percent simple interest per annum on all excessive rates or charges held between October 10, 1974, and September 30, 1979; and

(iii)(A) At an average prime rate for each calendar quarter on all excessive rates or charges held (including all interest applicable to such rates or charges) on or after October 1, 1979. The applicable average prime rate for each calendar quarter shall be the arithmetic mean, to the nearest one-hundredth of one percent, of the prime rate values published in the *Federal Reserve Bulletin*, or in the Federal Reserve's "Selected Interest Rates" (Statistical Release G. 13), for the fourth, third and second months preceding the first month of the calendar quarter.

(B) The interest required to be paid under paragraph (c)(2)(iii)(A) of this section shall be compounded quarterly.

(3) Any independent producer that is required to refund amounts collected pursuant to this section shall bear all costs of any such refunding.

(d) No interest is required to be paid on any portion of a refund which represents payments of royalties or taxes to Federal or State governmental authorities, except to the extent that such authorities pay interest to the first seller when refunding overpayments of royalties or taxes.

(Sec. 16, Natural Gas Act, 15 U.S.C. 717o; Sec. 309, Federal Power Act, 16 U.S.C 825h; Department of Energy Organization Act, Pub. L. 95-91; E.O. 12009, 42 FR 46267; Department of Energy Organization Act, 42 U.S.C. 7101-7352; E.O. 12009 43 CFR 142; Interstate Commerce Act, 49 U.S.C. 1, *et seq.*; Natural Gas Act, 15 U.S.C. 717-717w)

[44 FR 53504, Sept. 14, 1979, as amended at 45 FR 3890, Jan. 21, 1980; Order 273, 48 FR 1289, Jan. 12, 1983; 49 FR 3644, Jan. 30, 1984; Order 399, 49 FR 37746, Sept. 26, 1984]

### § 154.103 Limitations on provisions in rate schedules relating to makeup period for taking prepaid gas.

Contracts for the transportation or sale of natural gas, subject to the jurisdiction of the Commission, executed after February 1, 1967, will be rejected if they contain provisions precluding buyer from receiving gas paid for but not taken at any time during a period of at least 5 years immediately following payment for such gas not taken, subject to contract provisions to protect against drainage. If the contract terminates before the end of the minimum 5-year makeup period, a shorter makeup period, consistent with the time remaining under the contract will be permitted. The contract may provide that the prepayment price is the total price for the gas. In the alternative the contract may provide that where the price being collected under the contract has changed between the date that the gas was paid for but not taken and the date the gas is madeup, the makeup gas will be delivered at the price effective at the time it is delivered. If the price has decreased, the decrement will be set off against payments for other gas delivered under the contract and if the price has increased pursuant to the provisions of section 4 of the Natural Gas Act, any increase provided for the makeup gas should be subject to any rate order issued by the Commission in the appropriate rate action.

(Secs. 5, 7, 52 Stat. 823, 825, 56 Stat. 83; 15 U.S.C. 717d, 717f)

[Order 334-A, 32 FR 5258, Mar. 29, 1967]

### § 154.104 [Reserved]

### § 154.105 Area rates—Southern Louisiana area.

(a) From and after August 1, 1971, the effective date of Opinion No. 598 in Dockets Nos. AR69-2 and AR69-1, et al., 46 FPC ——, and prior to October 1, 1977, for contracts dated on or after October 1, 1968, and prior to October 1, 1976, for contracts dated prior to October 1, 1968, no rate or charge made, demanded or received under a rate schedule filed pursuant to this part for gas produced in the southern Louisiana area shall exceed the applicable area rate prescribed by this section except in compliance with a specific order of the Commission.

(b) Applicable area rate means the base area rate established by paragraph (c) of this section adjusted to the extent required by paragraphs (d), (e), (g), (h), and (i) of this section.

(c) The base area rates: The following base area rates per Mcf (at 15.025 p.s.i.a.) are hereby established subject to the adjustments provided in paragraphs (d), (e), (g), (h), and (i) of this section,

(1) Gas sold under contracts dated prior to October 1, 1968:

(i) 22.375 cents for gas subject to Louisiana production tax.

(ii) 21.375 cents for gas not subject to Louisiana production tax.

(2) Gas sold under contracts dated on or after October 1, 1968, and newly discovered reservoirs discovered on or after October 1, 1968:

(i) 26 cents prior to October 1, 1974.

(ii) 27 cents on and after October 1, 1974.

(3) For gas sold under contracts dated prior to October 1, 1968, the base area rates in paragraph (c)(1) of this section shall be adjusted upward 0.5 cent on October 1, 1973.

(4) The applicable base area rate prescribed herein shall be adjusted downward by 0.51 cent for deliveries made closer to the wellhead than a central point in the field, the tailgate of a natural gas processing plant, an offshore platform to the buyer's line, or a point on the buyer's pipeline.

(d) Contingent escalations of area rates: From such time prior to October 1, 1977, as the Commission determines that independent producers shall have dedicated for sale to interstate pipelines new gas reserves from the southern Louisiana area, in addition to gas already dedicated as of October 1, 1970 and also in addition to any dedications used to reduce refund obligations, in the amounts hereafter specified, the base area rates established in paragraph (c) of this section for gas sold under contracts prior to October 1, 1968, shall be increased as follows:

| Total new gas reserves dedicated | Base area rate increase |
|---|---|
| 7.5 trillion cubic feet | 0.5 cents per Mcf. |
| 11.25 trillion cubic feet | Additional 0.5 cent per Mcf. |
| 15 trillion cubic feet | Additional 0.5 cent per Mcf. |

New gas reserves shall mean the estimated original recoverable reserves in place, less any prior production therefrom, which are either initially committed to a jurisdictional sale under a contract dated on or after October 1, 1970, or which are new discoveries (as defined in § 2.56(f)(2) of the Commission's rules of practice and procedure in this chapter) made on or after October 1, 1970.

(e) Quality standards and adjustments to the base area rates:

(1) The base area rates fixed in paragraph (c) of this section shall be adjusted for any deviations from the following standards.

(i) *B.t.u. adjustment.* The maximum standard will be 1,050 B.t.u.'s per cubic foot of gas, saturated with water vapor, at 60° F. and 14.73 p.s.i.a., and the minimum standard will be 1,000 B.t.u.'s per cubic foot of gas, saturated with water vapor, at 60° F. and 14.73 p.s.i.a. For gas with more than 1,050 B.t.u.'s per cubic foot, upward adjustments shall be made on a proportional basis from a base of 1,050 B.t.u.'s. For gas with less than 1,000 B.t.u.'s per cubic foot, downward adjustments shall be made on a proportional basis from a base of 1,000 B.t.u.'s.

(ii) *Delivery point.* The gas shall be delivered at a central point. A central point includes a central point in the field, the tailgate of a natural gas processing plant, an offshore platform to the buyer's line, and a point on the buyer's pipeline.

(2) When a purchaser buys gas which deviates from the quality standards established in paragraph (e)(1) of this section, the base area rate fixed in paragraph (c) of this section shall be adjusted for any deviations from such standards as follows:

(i) The applicable base area rate shall be adjusted downward or upward by the amount of any applicable B.t.u. adjustment as set forth in paragraph (e)(1)(i) of this section.

(f) From and after August 1, 1971, nonassociated gas which has been paid for but not taken may be taken in the manner provided by the contract at any time within 5 years (or longer if the contract so provides) from the end of the contract year in which the obligation to take occurred, provided the purchaser must take the gas within the term of contract under which the gas is being purchased.

(g) The applicable area rate shall be adjusted upward or downward to reflect 87.5 percent of any change in State or Federal production, severance, gathering, or similar taxes effective after October 1, 1970.

(h) If gas produced offshore is delivered onshore, at the sole cost of the producer, the applicable area rate for such offshore gas shall be increased by 1 cent.

(i) As to all contracts dated after August 1, 1971, together with all sales conditioned to the outcome of Docket No. R-338, under which a pipeline transports liquid hydrocarbons or liquefiable hydrocarbons and related fuel, the contract provisions shall control and the ceiling price shall not be reduced; provided, however, if such contracts do not provide for a transportation fee at least equal to the amount obtained by the following formula:

Liquefiable hydrocarbons and related fuel—0.02 cent per Mcf per mile.
Liquid hydrocarbons—20 cents per barrel.

then the payment to the pipeline from and after August 1, 1971, shall be equal to the amounts set forth in the above formula. As to all contracts dated prior to August 1, 1971, except sales conditioned to the outcome of Docket No. R-338, the terms of the contract shall control and there shall be no reduction in the ceiling contract price because of such transportation.

(j) Prior to October 1, 1977, for contracts dated on or after October 1, 1968, and prior to October 1, 1976, for contracts dated prior to October 1, 1968, any seller seeking to charge a rate in excess of the applicable area rate must file a petition for waiver or amendment of this section pursuant to § 1.7(b) of the Commission's rules of practice and procedure in this chapter

(18 CFR 1.7(b)) fully justifying the relief sought in the light of this opinion and order. Prior to October 1, 1977, for contracts dated on or after October 1, 1968, and prior to October 1, 1976, for contracts dated prior to October 1, 1968, a seller may not file any rate increase in excess of the applicable area rate herein prescribed unless and until the Commission grants the petition.

(k) The southern Louisiana area consists of the portion of the State of Louisiana lying south of the 31° parallel and including all areas, both State and Federal, in the Gulf of Mexico off the shore of Louisiana.

[36 FR 13916, July 28, 1971]

### § 154.106 Area rates—Hugoton-Anadarko area.

(a) From and after October 1, 1970, the effective date of Opinion No. 586, Docket No. AR64-1 et al., ——— FPC ———, and prior to July 1, 1977, no rate or charge made, demanded or received under a rate schedule filed pursuant to this part for gas produced in the Hugoton-Anadarko area shall exceed the applicable area rate prescribed by this section except in compliance with a specific order of the Commission.

(b) Applicable area rate means the base area rate established in paragraph (c) of this section adjusted to the extent required by paragraphs (d), (e), and (f) of this section.

(c) The base area rates: The following base area rates per Mcf (at 14.65 p.s.i.a.) are hereby established and subject to the adjustments provided in paragraphs (d), (e), and (f) of this section:

(1) Gas sold under contracts dated prior to November 1, 1969:

(i) For all gas produced in the Panhandle and Hugoton Fields:[3]

(*a*) Prior to July 1, 1972:

12.50 cents in Kansas.
13.25 cents in Oklahoma.
13.50 cents in Texas.

(*b*) On and after July 1, 1972:

13.50 cents in Kansas.
14.25 cents in Oklahoma.
14.50 cents in Texas.

(ii) For all gas produced from fields or reservoirs other than the Panhandle and Hugoton Fields:

(*a*) Prior to July 1, 1972:

17.50 cents in Kansas.
18.50 cents in Oklahoma.
19.00 cents in Texas.

(*b*) On or after July 1, 1972:

18.50 cents in Kansas.
19.50 cents in Oklahoma.
20.00 cents in Texas.

(2) Gas sold under contracts dated on or after November 1, 1969.

(i) Gas well gas:

(*a*) Prior to July 1, 1972:

19.0 cents in Kansas.
20.0 cents in Oklahoma.
20.5 cents in Texas.

(*b*) On or after July 1, 1972:

20.0 cents in Kansas.
21.0 cents in Oklahoma.
21.5 cents in Texas.

(ii) Casinghead gas:[4]

(*a*) Prior to July 1, 1972:

17.5 cents in Kansas.
18.5 cents in Oklahoma.
19.0 cents in Texas.

(*b*) On or after July 1, 1972:

18.5 cents in Kansas.
19.5 cents in Oklahoma.
20.0 cents in Texas.

(d) Quality standards and adjustments to the base area rate:

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[3] The Hugoton fields in Kansas, Oklahoma, and Texas are limited to the producing zones of the Chase group in the Permian system. The Panhandle fields in Texas include the Panhandle Lime of the Wichita group, the Herrington zone of the Chase group, the Granite Wash formation of Permian and Pennsylvania Age, and the Red Cave formation overlying the Wichita group.

[4] In the event that it is determined by a final order, no longer subject to judicial review, that casinghead gas in the Southern Louisiana area shall receive the same ceiling price as gas-well gas of comparable vintage, the ceiling prices set out hereunder for gas-well gas produced in the Hugoton-Anadarko area and contracted for on or after November 1, 1969, shall apply to casinghead gas contracted for on or after November 1, 1969, prospectively from the date of such final order in the Southern Louisiana Area Rate Proceeding.

(1) For gas sold under contracts dated prior to November 1, 1969, quality standards and resulting adjustments to the base area rate shall be in accordance with the provisions of the particular contract with respect to contract rates.[5]

(2) For gas sold under contracts dated on or after November 1, 1969, quality standards and resulting adjustments to the base area rate shall be in accordance with the provisions of the particular contract with respect to contract rates, except:

(i) *Hydrogen sulphide.* The gas shall contain not more than 1 grain of hydrogen sulphide per 100 cubic feet of gas at 60° F. and 14.73 p.s.i.a. (10 gr. per Mcf).

(ii) *Total sulphur.* The gas shall contain not more than 20 grains of total sulphur per 100 cubic feet of gas at 60° F. and 14.73 p.s.i.a. (200 gr. per Mcf).

(iii) *Carbon dioxide.* The gas shall contain not more than 3 percent by volume of carbon dioxide.

(iv) *B.t.u. adjustment.* For gas with more than 1,000 B.t.u.'s per cubic foot, at 60° F. and 14.73 p.s.i.a., upward adjustments shall be made on a proportional basis from a base of 1,000 B.t.u.'s. For gas with less than 1,000 B.t.u.'s per cubic foot, at 60° F. and 14.73 p.s.i.a., downward adjustments shall be made on a proportional basis from a base of 1,000 B.t.u.'s.

(e) Adjustment for substantial off-lease gathering: Where delivery of the gas is made after substantial off-lease gathering by the producer, whether at a plant tailgate or at a central point, the applicable area rate shall be adjusted upward above the base area rate:

(1) For gas produced in the Panhandle and Hugoton Fields:

(i) Prior to July 1, 1972, 2 cents per Mcf.

(ii) On or after July 1, 1972, 2.5 cents per Mcf.

(2) For gas produced from fields or reservoirs other than the Panhandle or Hugoton Fields, 1 cent per Mcf.

(3) In all instances where deliveries are nominated for the gathering allowance, or claim to the same is otherwise made, that portion of any rate or charge attributable to such gathering allowance, and made effective pursuant to the Order herein, shall be charged and collected subject to refund, with interest at 7 percent per annum, pending the Commission's determination, whether such gathering allowance is, in fact, applicable.

(f) Adjustments for tax changes: The applicable area rate shall be adjusted upward by 75 percent of the amount of any applicable new State or Federal production, severance, or similar taxes, effective subsequent to January 29, 1970, and shall be adjusted upward by 75 percent of the amount of any increase in existing State or Federal production, severance, or similar taxes, subsequent to January 29, 1970, and shall be adjusted downward by 75 percent of the amount of any decrease in existing State or Federal production, severance, or similar taxes subsequent to January 29, 1970.

(g) The Hugoton-Anadarko area consists of the State of Kansas, Texas Railroad Commission District No. 10, and the Oklahoma counties of Cimarron, Texas, Beaver, Harper, Woodward, Ellis, Woods, Alfalfa, Grant, Major, Garfield, Roger Mills, Dewey, Custer, Blaine, Kingfisher, Canadian, Beckham, Washita, Caddo, and Grady, and that part of Stephens County lying within T. 2 N., RS. 4 and 5 W.

(h) Prior to July 1, 1977, any seller seeking to charge rates in excess of the applicable area rate or requesting a change in the applicable area rate must file a petition for waiver or amendment of this section pursuant to § 1.7(b) of the Commission's rules of practice and procedure (§ 1.7(b) of this chapter) fully justifying the relief sought in the light of this opinion and order. Prior to July 1, 1977, the seller may not file any rate increase in excess of the applicable area rate herein prescribed unless and until the Commission grants the petition.

[35 FR 15987, Oct. 10, 1970]

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[5] For those sales certificated by Opinion 390, 29 FPC 1175, there shall be a B.t.u. adjustment proportionately upward and downward from 1,000 B.t.u., similar to that provided in paragraph (d)(2)(iv) of the section.

### § 154.107 Area rates—Appalachian Basin area.

(a) The Appalachian Basin area consists of the entire State of West Virginia, and Ohio; Buchanan, Dickinson, Wise, Lee, Scott, Russell, Tazewell, Smyth, and Washington Counties, Va.; Garrett, Allegheny and Washington Counties, Md.; Franklin, Huntingdon, Centre, Lycoming, Sullivan, and Susquehanna Counties, Pa., together with all Pennsylvania counties west of this group; Broome, Chenango, Madison, Onondaga, Cayuga, Wayne, Monroe, Orleans, and Niagara Counties in New York, together with all New York counties to the south and west; and Clinton, Russell, Casey, Boyle, Mercer, Woodford, Scott, Grant, and Boone Counties, Ky., together with all Kentucky counties to the east of this group. The boundary between northern and southern Ohio runs along the southern edges of Van Wert, Allen, Hancock, Wyandot, Crawford, Richland, Ashland, Wayne, Stark, and Columbian Counties. Southern Ohio includes all counties south of the foregoing counties and northern Ohio includes the foregoing counties and all counties north thereof.

(b) Pipeline quality gas in the Appalachian Basin is defined as gas dehydrated, sweet, and with sufficient pressure to enter the buyers' gathering lines.

(c) No rate or charge made, demanded or received for gas produced in the Appalachian Basin area shall exceed the following rates measured at 14.73 p.s.i.a. and 60° F., including all additive charges and adjustments, except in compliance with a specific order of the Commission:

(1) 30.75 cents per Mcf for gas produced in the North subarea consisting of applicable counties in New York, Pennsylvania and northern Ohio, including the offshore Lake Erie and offshore Lake Ontario areas adjacent to these states, and sold pursuant to a contract dated prior to October 8, 1969; and 32.75 cents per Mcf for gas sold pursuant to a contract dated after October 7, 1969;

(2) 29 cents per Mcf for gas produced in the South subarea consisting of West Virginia and applicable counties in Maryland, Virginia, and southern Ohio; and applicable counties in eastern Kentucky and sold pursuant to a contract dated prior to October 8, 1969; and 30.75 cents per Mcf for gas sold pursuant to a contract dated after October 7, 1969;

(d) A minimum rate for natural gas produced and sold to a pipeline company, or its affiliate in the Appalachian Basin area for pipeline quality gas is 19.25 cents per Mcf at 14.73 p.s.i.a. and 60° F., including all additive charges and adjustments, and contractual provisions to the contrary are hereby modified pro tanto.

(e) Any seller seeking to charge rates in excess of the area rates specified in paragraph (c) of this section or requesting a change in such area rates must file a petition for waiver or amendment of this section pursuant to § 1.7(b) of this chapter of the Commission's rules of practice and procedure fully justifying the relief sought in light of the proceeding establishing the area rates. Unless and until the Commission grants the petition the seller may not charge rates in excess of the area rates herein prescribed.[6]

| | 14.73 p.s.i.a. | 15.325 p.s.i.a. |
|---|---|---|
| | Cents | Cents |
| (1) North subarea: | | |
| (a) Contracts prior to Oct. 8, 1969 | 30.75 | 32.0 |
| (b) Contracts after Oct. 7, 1969 | 32.75 | 34.0 |
| (2) South subarea: | | |
| (a) Contracts prior to Oct. 8, 1969 | 29.0 | 30.0 |
| (b) Contracts after Oct. 7, 1969 | 30.75 | 32.0 |
| (3) Minimum rate | 19.25 | 20.0 |

[Order 411, 35 FR 16082, Oct. 14, 1970, as amended by Order 411-A, 35 FR 17110, Nov. 6, 1970]

### § 154.108 Area rates—Illinois Basin area.

(a) The Illinois Basin area consists of the entire State of Illinois; all counties in western Kentucky west of and not including Clinton, Russell, Casey, Boyle, Mercer, Woodford, Scott, Grant, and Boone Counties; and Gibson County in Indiana.

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[6] The area rates for the Appalachian Basin area, if shown at a 15.325 p.s.i.a. pressure base are:

(b) Pipeline quality gas in the Illinois Basin is defined as gas: dehydrated, sweet, and with sufficient pressure to enter the buyers' gathering lines.

(c) No rate or charge made, demanded or received for gas produced in the Illinois Basin area shall exceed 23.5 cents per Mcf measured at 14.73 p.s.i.a. and 60° F., including all additive charges and adjustments, except in compliance with a specific order of the Commission.

(d) A minimum rate for natural gas produced and sold to a pipeline company, or its affiliate in the Illinois Basin area for pipeline quality gas is 16.25 cents per Mcf at 14.73 p.s.i.a. and 60° F., including all additive charges and adjustments, and contractual provisions to the contrary are hereby modified pro tanto.

(e) Any seller seeking to charge rates in excess of 23.5 cents per Mcf or requesting a change of that rate must file a petition for waiver or amendment of this section pursuant to § 1.7(b) of this chapter of the Commission's rules of practice and procedure fully justifying the relief sought in light of the proceeding establishing the 23.5 cents area rate. Unless and until the Commission grants the petition the seller may not charge rates in excess of the area rate herein prescribed.[7]

[Order 411, 35 FR 16082, Oct. 14, 1970, as amended by Order 411-A, 35 FR 17110, Nov. 11, 1970]

### § 154.109 Area rates; Texas gulf coast area.

(a) From and after August 1, 1971, the effective date of Opinion No. ——, Docket No. AR64-2 et al., —— FPC ——, and prior to January 1, 1976, no rate or charge made, demanded or received under a rate schedule filed pursuant to this part for gas produced in the Texas gulf coast area shall exceed the applicable area rate prescribed by this section except in compliance with a specific order of the Commission.

(b) Applicable area rate means the base area rate established in paragraph (c) of this section adjusted to the extent required by paragraph (d) of this section.

(c) The base area rates: The following base area rates per Mcf (at 14.65 p.s.i.a.) are hereby established, subject to the adjustments provided in paragraphs (d) and (e) of this section, for gas gathered and delivered by the seller at either a central point in the field, the tailgate of a plant or a point on the buyer's pipeline:

(1) Gas sold under contracts dated prior to January 1, 1961:

(i) 15 cents prior to January 1, 1965.

(ii) 17 cents from January 1, 1965, to September 30, 1968.

(iii) 19 cents from October 1, 1968, to September 30, 1973.

(iv) 20 cents on and after October 1, 1973.

(2) Gas sold under contracts dated on or after January 1, 1961, and prior to October 1, 1968:

(i) 18 cents prior to January 1, 1965.

(ii) 18.5 cents from January 1, 1965, to September 30, 1968.

(iii) 19 cents from October 1, 1968, to September 30, 1973.

(iv) 20 cents on and after October 1, 1973.

(3) Gas sold under contracts dated on or after October 1, 1968:

(i) 24 cents prior to October 1, 1973.

(ii) 25 cents on and after October 1, 1973.

(4) The applicable area rate shall be adjusted downward by 0.4 cent per Mcf for gas delivered closer to the wellhead than a central point in the field, the tailgate of a plant, or a point in the pipeline.

(d) Contingent escalations of area rates: From such time prior to January 1, 1976, as the Commission determines that independent producers shall have dedicated for sale to interstate pipelines natural gas produced in the Texas gulf coast area, in addition to gas already dedicated as of the effective date of this order and also in addition to any dedications used to

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[7] The area rates for the Illinois Basin area, if shown at a 15.025 pressure base are:

| | 14.73 p.s.i.a. | 15.025 p.s.i.a. |
|---|---|---|
| | Cents | Cents |
| (1) Area rate | 23.5 | 24.0 |
| (2) Minimum rate | 16.25 | 16.5 |

reduce refund obligations, in the amounts hereafter specified, the base area rates established in paragraph (c) of this section for gas sold under contracts prior to October 1, 1968, shall be increased as follows:

| Total new dedications | Base area rates increase |
|---|---|
| 4 billion cubic feet | 0.5 cent per Mcf. |
| 6 billion cubic feet | Additional 0.5 cent per Mcf. |
| 10 billion cubic feet | Additional 1 cent per Mcf. |

New discoveries (as presently defined in § 2.56(f)(2) of the Commission's rules of practice and procedure) made after the date of issuance of this order on acreage committed by a contract for sale to an interstate pipeline shall be considered to be new dedications for the purpose of this provision.

(e) Quality standards and adjustments to the base area rates: The base area rates established in paragraph (c) of this section are subject to adjustment as follows:

(1) B.t.u. adjustment: For gas with more than 1,050 B.t.u.'s per cubic foot, at 60° F. and 14.73 p.s.i.a., upward adjustments shall be made on a proportional basis from a base of 1,050 B.t.u.'s. For gas with less than 1,000 B.t.u.'s per cubic foot, at 60° and 14.73 p.s.i.a, downward adjustments shall be made on a proportional basis from a base of 1,000 B.t.u.'s. Measurement of B.t.u. shall be on a wet basis.

(2) For gas sold under contracts dated on or after August 1, 1971, the following additional quality standards shall apply:

(i) *Water content.* The gas shall not contain in the aggregate more than 7 pounds of water, either in the form of liquid or vapor, per million cubic feet of gas at 60° F. and 14.73 p.s.i.a. (0.007 pound per Mcf).

(ii) *Hydrogen sulphide.* The gas shall not contain more than 1 grain of hydrogen sulphide per 100 cubic feet of gas at 60° F. and 14.73 p.s.i.a. (10 grams per Mcf).

(iii) *Total sulphur.* The gas shall not contain more than 20 grains of total sulphur per 100 cubic feet of gas at 60° F. and 14.73 p.s.i.a. (200 grams per Mcf).

(iv) *Carbon dioxide.* The gas shall not contain more than 3 percent by volume of carbon dioxide.

(v) *Other impurities.* The gas shall contain no oxygen, dust, dirt, gum, or other impurity in sufficient amounts to require the buyer to incur processing costs to eliminate such impurities in order for the gas to meet either customary commercial standards or the customary requirements of any of the interstate pipelines in the area.

(vi) *Delivery pressure.* The gas shall be delivered at a pressure sufficient to enter the buyer's pipeline except that a minimum of 500 p.s.i.g. must be available at the point of delivery.

(3) When a purchaser under contract dated on or after August 1, 1971, buys gas which deviates from the quality standard established in paragraph (e)(2) of this section the base area rate shall be adjusted for any deviations from such standards as follows:

(i) The applicable area rate shall be adjusted downward by the net cost, actually incurred prior to ultimate consumption, of processing the gas to bring it up to standard.

(*a*) If the processing is performed by the purchaser, a reasonable return upon the net investment should be included as part of the processing cost incurred in bringing the gas up to pipeline quality.

(*b*) If such processing reduces the volume of the gas, the purchaser shall pay for only the volume remaining after processing.

(ii) In the case of delivery by seller of gas containing carbon dioxide in excess of the standards herein permitted, notwithstanding anything to the contrary in paragraph (e)(2)(iv) of this section, the producers shall have the alternative of receiving payment for the total volume of gas delivered, including the carbon dioxide, providing that the B.t.u. content of the gas is measured before the removal of the carbon dioxide for the purposes of the B.t.u. adjustments specified in this order, or receiving payment for the volumes exclusive of the carbon dioxide with the B.t.u. measured by the volumes of gas only.

(f) Prior to January 1, 1976, any seller seeking to charge a rate in excess of the applicable area rate or requesting a change in the applicable area rate must file a petition for waiver or amendment of this section pursuant to § 1.7(b) of the Commission's rules of practice and procedure (18 CFR 1.7(b)) fully justifying the relief sought in the light of this opinion and order. Prior to January 1, 1976, the seller may not file any rate increase in excess of the applicable area rate herein prescribed unless and until the Commission grants the petition.

[36 FR 11579, June 16, 1971]

### § 154.109a Area rates—Other Southwest area.

(a) From and after January 1, 1972, and prior to July 1, 1976, no rate or charge made, demanded, or received under a rate schedule filed pursuant to this part for gas produced in the Other Southwest Area shall exceed the applicable area rate prescribed by this section except in compliance with a specific order of the Commission.

(b) Applicable area rate means the base area rate established in paragraph (c) of this section adjusted to the extent required by paragraph (d) of this section.

(c) The base area rates: The following base area rates per Mcf (at 14.65 p.s.i.a. unless otherwise noted) are hereby established for the period from January 1, 1972, to July 1, 1976, subject to the adjustments provided in paragraph (d) of this section, for gas gathered and delivered by the seller at either a central point in the field, the tailgate of a plant or point on the buyer's pipeline, or an offshore platform to the buyer's line, by the following:

(1) Gas sold under contracts dated prior to October 1, 1968:

| | From Jan. 1, 1972 through Sept. 30, 1973 | Beginning Oct. 1, 1973 |
|---|---|---|
| Other Oklahoma | 19.4 | 20.4 |
| Texas Railroad District No. 9 | 19.7 | 20.7 |
| Northern Arkansas | 18.8 | 19.8 |
| Texas Railroad District No. 6 | 19.1 | 20.1 |
| Northern Louisiana (at 15.025 p.s.i.a.) | 20.6 | 21.6 |
| Southern Arkansas | 18.25 | 19.25 |
| Mississippi and Alabama (at 15.025 p.s.i.a.) | 20.0 | 21.0 |

(2) Gas sold under contracts dated on or after October 1, 1968:

| | From Jan. 1, 1972 through Sept. 30, 1973 | Beginning Oct. 1, 1973 |
|---|---|---|
| Other Oklahoma | 23.75 | 24.75 |
| Texas Railroad District No. 9 | 24.0 | 25.0 |
| Northern Arkansas | 23.0 | 24.0 |
| Texas Railroad Districts Nos. 5 and 6 | 23.5 | 24.5 |
| Northern Louisiana (at 15.025 p.s.i.a.) | 25.0 | 26.0 |
| Southern Arkansas | 22.5 | 23.5 |
| Mississippi and Alabama (at 15.025 p.s.i.a.) | 25.0 | 26.0 |
| Federal Domain Offshore of Mississippi | 26.0 | 27.0 |

(3) The applicable area rate shall be adjusted downward, for gas delivered closer to the wellhead than a central point in the field, the tailgate of a plant, a point on the buyer's pipeline or an offshore platform on the buyer's line by the following:

| | |
|---|---|
| Other Oklahoma, Texas Railroad District No. 9, and Northern Arkansas. | 1.5 cents per Mcf. |
| Texas Railroad District Nos. 5 and 6, Northern Louisiana and Southern Arkansas. | 1 cent per Mcf. |
| Mississippi and Alabama | 1.25 cents per Mcf. |

(4) Notwithstanding the provisions of paragraphs (c)(1), (2), and (3) of this section, the base area rates for gas produced on or after November 1, 1969, from a new reservoir on previously committed acreage shall be determined by utilizing the date of discovery of such reservoir in lieu of the contract date.

(d) Quality standards and adjustments to the base area rates. The base area rates established in paragraph (c) of this section are subject to adjustment as follows:

(1) B.t.u. adjustment: For gas with more than the maximum standard of B.t.u.'s per cubic foot, at 60° F. and

14.73 p.s.i.a., upward adjustments shall be made on a proportional basis from a base equal to the maximum standard. For gas with less than the minimum standard of B.t.u.'s per cubic foot, at 60° F. and 14.73 p.s.i.a., downward adjustments shall be made on a proportional basis from a base equal to the minimum standard. Measurement of B.t.u. shall be on a wet basis. The applicable maximum and minimum standards are:

| | Maximum | Minimum |
|---|---|---|
| Other Oklahoma, Texas Railroad District No. 9, and Northern Arkansas | 1,060 | 1,000 |
| Texas Railroad Districts Nos. 5 and 6, Northern Louisiana and Southern Arkansas | 1,030 | 1,000 |
| Mississippi and Alabama | 990 | 950 |
| Federal Domain Offshore of Mississippi | 1,050 | 1,000 |

(2) The following additional quality standards shall apply:

(i) *Water content.* The gas shall not contain in the aggregate more than 7 pounds of water, either in the form of liquid or vapor, per million cubic feet of gas at 60° F. and 14.73 p.s.i.a. (0.007 lbs. per Mcf).

(ii) *Hydrogen sulphide.* The gas shall not contain more than 1 grain of hydrogen sulphide per 100 cubic feet of gas at 60° F. and 14.73 p.s.i.a. (10 gr. per Mcf).

(iii) *Total sulphur.* The gas shall not contain more than 20 grains of total sulphur per 100 cubic feet of gas at 60° F. and 14.73 p.s.i.a. (200 gr. per Mcf).

(iv) *Carbon dioxide.* The gas shall not contain more than 3 percent by volume of carbon dioxide.

(v) *Other impurities.* The gas shall contain no oxygen, dust, dirt, gum, or other impurity in sufficient amounts to require the buyer to incur processing costs to eliminate such impurities in order for the gas to meet either customary commercial standards or the customary requirements of any of the interstate pipelines in the area.

(vi) *Delivery pressure.* The gas shall be delivered at a pressure sufficient to enter the buyer's pipeline except that a minimum of 500 p.s.i.g. must be available at the point of delivery.

(3) When a purchaser buys gas which deviates from the quality standard established in paragraph (d)(2) of this section, the base area rate shall be adjusted for any deviations from such standards as follows:

(i) The applicable area rate shall be adjusted downward by the net cost, actually incurred prior to ultimate consumption, of processing the gas to bring it up to standard.

(*a*) If the processing is performed by the purchaser, a reasonable return upon the net investment should be included as part of the processing cost incurred in bringing the gas up to pipeline quality.

(*b*) If such processing reduces the volume of the gas, the purchaser shall pay for only the volume remaining after processing.

(ii) In the case of delivery by seller of gas containing carbon dioxide in excess of the standards herein permitted, notwithstanding anything to the contrary in paragraph (d)(2)(iv) of this section, the producers shall have the alternative of receiving payment for the total volume of gas delivered, including the carbon dioxide, providing that the B.t.u. content of the gas is measured before the removal of the carbon dioxide for the purposes of the B.t.u. adjustments specified in this order, or receiving payment for the volumes exclusive of the carbon dioxide with the B.t.u. measured by the volumes of gas only.

(e) Prior to July 1, 1976, any seller seeking to charge a rate in excess of the applicable area rate or requesting a change in the applicable area rate must file a petition for waiver or amendment of this section pursuant to § 1.7(b) of the Commission's rules of practice and procedure in this chapter (18 CFR 1.7(b)) fully justifying the relief sought in the light of this opinion and order. Prior to July 1, 1976, the seller may not file any rate increase in excess of the applicable area rate herein prescribed unless and until the Commission grants the petition.

[36 FR 22675, Nov. 27, 1971, as amended by Opinion 607-A, 37 FR 5940, Mar. 23, 1972]

### § 154.109b Area rates—Rocky Mountain area.

(a) The Rocky Mountain area consists of the following production subareas: Aneth Field Subarea—Includes that part of San Juan County, Utah, lying within T. 39 through 43 S., R. 18 through 26E. and T. 38 S., R. 20 and 21E.; and that part of Apache County, Arizona, lying within T. 41N., R. 28E., 29E., 30., and 31E.; San Juan Basin Subarea—Consists of San Juan, Rio Arriba, McKinley and Sandoval Counties, New Mexico; and Montezuma, La Plata, Archuleta, Mineral, Hinsdale, San Juan, Dolores, San Miguel, Ouray and Montrose Counties, Colorado; Uinta-Green River Basin Subarea—Includes Albany, Carbon, Sweetwater, Sublette, Lincoln and Uinta Counties, Wyoming; Summit, Daggett, Uinta, Duchesne, Wasatch, Carbon, Emery and Grand Counties, Utah; and Mesa, Garfield, Rio Blanco, Moffat and Routt Counties, Colorado; Colorado-Julesburg Basin Subarea—Consists of the remaining Colorado counties; Platte, Laramie and Goshen Counties, Wyoming; and Kimball, Cheyenne, Deuel, Garden, Morrill, Banner, Scotts Bluff, Sioux, Box Butte, Dawes and Sheridan Counties, Nebraska; Montana-Wyoming Subarea—Includes the remaining counties in Wyoming and Park, Sweet Grass, Stillwater, Carbon, Big Horn, Yellowstone, Treasure, Rosebud and Powder River Counties, Montana; and Montana-Dakota Subarea—Consists of the entire State of North Dakota; Harding, Perkins and Butte Counties, South Dakota; and Glacier, Pondera, Teton, Cascade, Meagher, Wheatland, Golden Valley, Musselshell, Garfield, Custer and Carter Counties, Montana, together with the remaining Montana counties lying north and east of the counties listed.

(b) No rate or charge made, demanded or received under a rate schedule filed pursuant to this part for gas produced in the Rocky Mountain area shall exceed the following rate measured at 14.73 lb/in$^2$a and 60° F, but shall be subject to British thermal units adjustments below 1,000 Btu and above 1,050 Btu excluding States production or severance taxes or charges

**24.0c/M ft$^3$** for gas produced in the Rocky Mountain area and sold under contracts dated prior to October 1, 1968, and produced from wells commenced on or before December 31, 1972.

(c) A minimum rate for natural gas produced and sold in the Rocky Mountain area is 15c/M ft$^3$ at 14.73 lb/in$^2$a and 60° F, subject to British thermal units adjustments, below 1,000 Btu and above 1,050 Btu, including all additive charges and adjustments and State production taxes, and increases to such minimum rate filed after the date of this order will be granted notwithstanding contractual provisions to the contrary which are hereby modified pro tanto.

(d) No rate or charge, made, demanded, or received under a rate schedule filed pursuant to this part for gas produced in the Rocky Mountain Area shall exceed 35.0 cents per Mcf measured at 14.73 psia and 60° F, subject to adjustment upward and downward Btu adjustment on a proportional basis from a base Btu content of 1,000 Btu's per cubic foot measured on a saturated basis, and exclusive of all State or Federal production, severance, or similar taxes, and sold under contracts dated on or after October 1, 1968, for wells commenced prior to January 1, 1973. This rate shall also be subject to a gathering allowance not to exceed 1.0 cent per Mcf where delivery is made to the buyer at a central point in the field, the tailgate of a processing plant, or a point on the buyer's pipeline.

[Opinion No. 658, 38 FR 9810, Apr. 20, 1973, as amended by Opinion No. 699-H, 39 FR 43215, Dec. 11, 1974]

### § 154.110 Applicability of §§ 154.92 through 154.102.

Sections 154.92 through 154.102 shall apply only to those persons specified in § 154.91 and shall not apply to small producer sales which are exempted under § 157.40 of this chapter.

[Order 428, 36 FR 5601, Mar. 25, 1971]

### § 154.111 Limitations on provisions in rate schedules and tariffs.

(a) *Limitations.* (1) Effective July 31, 1984, any pipeline rate schedule or tariff governing the sale of natural gas shall be inoperative and of no effect at law to the extent it provides for recovery of purchased gas costs for gas not taken by the buyer.

(2) No rate schedule or tariff governing the sale of natural gas and filed on or after July 31, 1984 may provide for recovery of variable costs associated with gas not taken by the buyer.

(3)(i) Any pipeline rate schedule or tariff governing the sale of natural gas that either (A) was in effect on July 31, 1984 or (B) was filed after that date but prior to September 14, 1984 and does not state purchased gas costs separately from other charges shall be restated to state such costs separately and filed on or prior to September 14, 1984, and

(ii) Any pipeline rate schedule or tariff governing the sale of natural gas and filed on or after September 14, 1984, shall state purchased gas costs separately from other charges.

(b) *Definition.* For purposes of this section, the term "purchased gas costs" means the cost of purchased gas, compressor fuel gas, and line loss or shrinkage gas.

[Order 380, 49 FR 22792, June 1, 1984]

EDITORIAL NOTE: For a document relating to clarification that § 154.111 "bars downstream pipelines from using their own minimum commodity bill tariff provisions to pass through such upstream pipeline charges," see 51 FR 23530, June 30, 1986.

## RECOVERY OF ALASKA NATURAL GAS TRANSPORTATION SYSTEM CHARGES

SOURCE: Sections 154.201 through 154.213 appear by Order 320, 48 FR 34458, July 29, 1983, unless otherwise noted.

### § 154.201 Applicability.

Sections 154.202 through 154.213 apply to a shipper seeking to recover charges incurred for the conditioning and transportation of Alaska natural gas through the Alaska Natural Gas Transportation System for sale in the contiguous 48 states of the United States. These sections also supply to a shipper seeking to recover charges incurred for the conditioning and transportation of Alaska natural gas through the Alaska Natural Gas Transportation System for sale in Alaska, to the extent that such sale is within the Commission's jurisdiction.

### § 154.202 Definitions.

For purposes of §§ 154.203 through 154.213:

(a) *Alaska natural gas* has the same meaning as in section 4(1) of the Alaska Natural Gas Transportation Act, 15 U.S.C. 719(4)(1): Natural gas derived from the area of the State of Alsaka generally known as the North Slope of Alaska, including the Continental Shelf of the North Slope of Alaska.

(b) *Alaska Natural Gas Transportation System (ANGTS)* means the gas conditioning facility at Prudhoe Bay, Alaska, for the conditioning of Alaska natural gas ("Gas Conditioning Plant Segment") and the pipeline system for the transportation of Alaska natural gas from the Prudhoe Bay area of Northern Alaska through Alaska ("Alaskan Pipeline Segment") and Canada ("Canadian Pipeline Segment") into the Midwestern ("Eastern Leg") and Western ("Western Leg") sections of the contiguous 48 states of the United States,

(1) As designated for approval in the *Decision and Report to Congress on the Alaska Natural Gas Transportation System* (Executive Office of the President, Energy Policy and Planning, September 1977) ("President's *Decision*"), approved by Joint Resolution of Congress, H.J. Res. 621, Pub. L. 95-158, 91 Stat. 1268 (1977), and

(2) As further designated in the *President's Findings and Proposed Waiver of Law* (October 15, 1981) ("President's *Waiver*"), approved by Joint Resolution of Congress, S.J. Res. 115, Pub. L. 97-93, 95 Stat. 1204 (1981).

(c) *ANGTS charges* means amounts billed by the project sponsors to a shipper that are properly attributable to the construction and operation of the ANGTS for the conditioning and transportation of Alaska natural gas.

(d) *ANGTS Charges Recovery Clause* ("ACR Clause") means a clause incorporated in a shipper's FERC Gas Tariff that sets forth the terms and conditions for recovering ANGTS charges.

(e) *Base Tarriff Rate* means the effective rate on file with the Commission, excluding adjustments, pursuant to a shipper's ACR clause.

(f) *Cost-of-service tariff* means a tariff under which a shipper's ANGTS charges to its customers are based on a formula set forth in that shipper's tariff by which the shipper recovers its ANGTS costs substantially concurrently as they are incurred.

(g) *Federal Inspector* means the Office of the Federal Inspector, which is responsible for monitoring the construction of the ANGTS and for coordinating the issuance of permits and certification for the ANGTS by all federal agencies.

(h) *Jurisdictional portion* means that portion of the ANGTS charges that are properly attributable to a shipper's jurisdictional services, as determined pursuant to the shipper's ACR Clause and approved by the Commission.

(i) *National Energy Board (NEB)* means the National Energy Board of Canada established by the National Energy Board Act, Can. Rev. Stat. c. N-6 (1970).

(j) *Project sponsors* means the owners and operators of the ANGTS, or their successors, as designated for the Gas Conditioning Plant Segment, the Alaskan Pipeline Segment, the Western Leg and the Eastern Leg in the President's *Decision*, as modified by the President's *Waiver*, and as designated for the Canadian Pipeline Segment in the Northern Pipeline Act of 1978, 26-27 Eliz. II, c. 20.

(k) *Shipper* means a person who has an executed service agreement with one or a combination of the project sponsors for the conditioning and transportation of Alaska natural gas through the ANGTS.

(l) *Track* means to flow through to a shipper's jurisdictional customers the jurisdictional portion of ANGTS charges incurred by the shipper.

### § 154.203 Recoverable ANGTS charges.

(a) A shipper's rates shall reflect only the jurisdictional portion of the shipper's ANGTS charges that are prudently incurred. The Commission will deem ANGTS charges prudently incurred if:

(1) Such charges from the Gas Conditioning Plant Segment, the Alaska Pipeline Segment, the Eastern Leg and the Western Leg are properly computed pursuant to tariffs approved by the Commission; and

(2) Such charges from the Canadian Pipeline Segment are:

(i) Properly computed pursuant to tariffs approved by the NEB, and

(ii) Consistent with the provisions of the Agreement between the Government of the United States and the Government of Canada Concerning Transit Pipelines, 28 U.S.T. 7449, T.I.A.S. No. 8720 (Transit Pipeline Treaty) and the Agreement between the United States of America and Canada on Principles Applicable to a Northern Natural Gas Pipeline (Agreement on Principles), incorporated in the President's *Decision*.

(b) A shipper shall provide the Commission with a certified copy of any tariff or any modifications or changes to any tariff approved by the NEB relating to any ANGTS charges from the Canadian Pipeline Segment that are reflected in the shipper's rates. A shipper shall provide the certified copy of any such NEB-approved tariff the first time that the shipper proposes rates reflecting ANGTS charges from the Canadian Pipeline Segment, and thereafter shall provide the certified copy of any modifications or changes to such tariff when the shipper makes any rate filings with the Commission involving ANGTS charges from the Canadian Pipeline Segment.

(c) If a shipper's rates reflect ANGTS charges that satisfy the condition prescribed in paragraph (a)(2)(i) of this section, the Commission will presume that such charges also satisfy the condition prescribed in paragraph (a)(2) (ii) of this section, unless the reflection of such charges in the shipper's rates is challenged in a timely manner in accordance with the Commission's Revised Rules of Practice and Procedure.

(d) The Commission will not disallow any ANGTS charges from the Canadian Pipeline Segment in a shipper's rates, or order any refund of such ANGTS charges, on the basis that such charges do not satisfy the conditions prescribed in paragraphs (a)(2)(i) and (a)(2)(ii) of this section, unless and until the matter has been resolved through:

(1) Consultation with the NEB pursuant to the provisions of Paragraph 9 of the Agreement on Principles, and thereafter, if necessary,

(2) Diplomatic negotiation and, if necessary, arbitration pursuant to the provisions of Article IX of the Transit Pipeline Treaty.

### § 154.204 General rule.

A shipper may recover the jurisdictional portion of its ANGTS charges incurred prior to the delivery of Alaska natural gas by adjusting its rates pursuant to filings prescribed in § 154.206 of this chapter or pursuant to a cost-of-service tariff approved by the Commission. After delivery of Alaska natural gas commences, a shipper may track changes in the jurisdictional portion of its ANGTS charges pursuant to filings prescribed in § 154.208 of this chapter, provided the shipper first makes a filing pursuant to § 154.207 of this chapter to establish a Base Tariff Rate and periodically restates its Base Tariff Rate pursuant to filings prescribed in § 154.209 of this chapter. In the alternative, after delivery of Alaska natural gas commences, a shipper may recover ANGTS charges and track changes in these charges pursuant to a cost-of-service tariff approved by the Commission as appropriate under the circumstances or through general rate change filings under section 4 of the Natural Gas Act. If a shipper chooses to track changes in the jurisdictional portion of its ANGTS charges, the shipper shall continue to track until the shipper elects, pursuant to § 154.213 of this chapter, to recover such charges through general rate change filings under section 4 of the Natural Gas Act, or until the Commission approves a ,cost-of-service tariff. Any election to discontinue tracking or to discontinue a cost-of-service tariff shall be subject to approval by the Commission.

### § 154.205 ACR clause requirements.

A shipper may recover ANGTS charges pursuant to § 154.206 of this chapter and track changes in its ANGTS charges pursuant to § 154.208 of this chapter if the shipper has filed with the Commission an ACR Clause and the Commission has approved the ACR Clause. The Commission will consider approving a proposed ACR Clause if that clause sets forth provisions for implementing the requirements and procedures specified in §§ 154.206 through 154.213 of this chapter. As an alternative, a shipper may propose for Commission approval the use of a cost-of-service tariff to recover ANGTS charges and track changes in those charges. A shipper may file its proposed ACR Clause or alternative proposal at any time after the effective date of this final rule.

### § 154.206 Filing to recover ANGTS charges incurred prior to delivery of Alaska natural gas.

(a) *General rule.* In the event and to the extent the Commission and/or the NEB approves the billing of ANGTS charges by the project sponsors within their respective jurisdictions prior to the commencement of delivery of Alaska natural gas ("pre-delivery ANGTS charges"), a shipper may recover the jurisdictional portion of such charges upon incurrence by adjusting its rate(s) pursuant to filings made in accordance with the terms and conditions of this section and the shipper's approved ACR Clause; *Provided, however,* That recovery of pre-delivery ANGTS charges from the Canadian Pipeline Segment may commence only upon completion and testing of that segment, so that it is proved capable of operation, and not before a date certain, as determined (in consultation with the Federal Inspector) by the Commission in issuing a final certificate for the ANGTS to be the most likely date for the entire ANGTS to begin operation, within the meaning of the President's *Waiver.*

(b) *Terms and conditions.* (1) A shipper shall file any rate adjustment to recover the jurisdictional portion of pre-delivery ANGTS charges as follows:

(i) It may file any such adjustment at the same time it files its annual purchased gas adjustment pursuant to § 154.305 and its quarterly purchased gas adjustment which becomes effective 6 months from the effective date of the annual purchased gas adjustment pursuant to § 154.308. By so doing the shippers will file to recover ANGTS charges on a semi-annual basis; or

(ii) It may file any such adjustment on other semi-annual dates set forth in its ACR clause, if the Commission approves the ACR clause. The shipper must continue filing on these dates until the Commission orders otherwise.

(2) At a shipper's first scheduled PGA filing following the initial incurrence of pre-delivery ANGTS charges, or on the first date set forth in the shipper's ACR Clause and approved by the Commission under paragraph (b)(1)(ii) of this section, the shipper shall adjust its existing tariff rates to include a current adjustment to recover projected pre-delivery ANGTS charges, if any, and a surcharge to recover the amounts which have accumulated in the Unrecovered Pre-delivery ANGTS Charges Account, which is described in paragraph (b)(5) of this section.

(3) At each succeeding PGA filing or other ANGTS tracking filing date approved by the Commission under paragraph (b)(1)(ii) of this section and until that filing immediately following the effective date of the Base Tariff Rate established pursuant to a filing prescribed in § 154.207 of this chapter, a shipper shall adjust its existing tariff rates to recover projected pre-delivery ANGTS charges and a surcharge to recover or return the amounts which have accumulated in the Unrecovered Pre-delivery ANGTS Charges Account.

(4)(i) A shipper shall calculate and recover the current adjustment and the surcharge using the procedures set forth in the shipper's approved ACR Clause.

(iii) A shipper shall use the cost classification methodology set forth in its approved ACR Clause in accordance with § 154.207(c) of this chapter.

(5) A shipper shall maintain separate subaccounts for pre-delivery ANGTS charges and unrecovered pre-delivery ANGTS charges as specified in the following procedures. A shipper shall:

(i) Record the portion of the pre-delivery ANGTS charges to be recovered from jurisdictional sales customers in a separate subaccount of Account No. 858, Transmission and Compression of Gas by Others (18 CFR Part 201) designated as the "Pre-delivery ANGTS Charges Account."

(ii)(A) Credit or debit, as appropriate, no less than monthly, the Pre-delivery ANGTS Charges Account with the pre-delivery ANGTS charges incurred for the period, recoverable from jurisdictional customers, that are in excess of or less than the applicable amounts recovered during the period through the application of approved rate schedules, and

(B) Debit or credit, as appropriate, a separate subaccount of Account No. 186, Miscellaneous Deferred Debits (18 CFR Part 201), designated as the "Unrecovered Pre-delivery ANGTS Charges Account." Separate subaccounts of the Unrecovered Pre-delivery ANGTS Charges Account shall be maintained for each six-month period in which excesses or deficiencies are recorded.

(iii) Amortize to the Pre-Delivery ANGTS Charges Account, over the appropriate six-month period, the amounts, either positive or negative, including carrying charges, accumulated in the Unrecovered Pre-delivery ANGTS Charges Account coincidental with the recovery or return, as applicable, of such amounts through the application of an approved surcharge.

(iv) Carry forward to the next succeeding surcharge period any remaining balance in the Unrecovered Pre-delivery ANGTS Charges Account for recovery or return, as applicable, in that period.

(v) Adopt the principles of interperiod income tax allocation applicable to the amounts deferred in the Unrecovered Pre-delivery ANGTS Charges Account by deferring the appropriate tax effect of such amounts in Account 190, Accumulated Deferred Income Taxes (18 CFR Part 201) or Account 283, Accumulated Deferred Income Taxes—Other (18 CFR Part 201), as applicable.

(6) A shipper shall compute carrying charges on amounts deferred in the Unrecovered Pre-delivery ANGTS Charges Account in the manner and at the rate prescribed in section 154.208(f) of this chapter.

(7) A shipper shall follow the same posting, service and verification re

quirements prescribed in § 154.208(g) of this chapter.

(8) Upon the commencement of delivery of Alaska natural gas through the ANGTS and the commencement of accounting for ANGTS charges associated with the delivery of Alaska natural gas, a shipper shall transfer any balances remaining in the Unrecovered Pre-delivery ANGTS Charges Account to a separate subaccount of Account No. 186, Miscellaneous Deferred Debits (18 CFR Part 201), designated as the "Unrecovered ANGTS Charges Account", described in § 154.208(e) of this chapter.

(9) *Suspension period.* In any rate adjustment filing made by a shipper to recover, pursuant to its approved ACR Clause or cost-of-service tariff, the jurisdictional portion of its pre-delivery ANGTS charges, the Commission will not suspend the portion of the shipper's adjusted rate(s) attributable to such changes for more than one day after the approved effective dates of the shipper's semi-annual rate adjustments.

[Order 320, 48 FR 34458, July 29, 1983, as amended by Order 483, 52 FR 43880, Nov. 17, 1987]

### § 154.207 Initial filing to recover ANGTS charges associated with the delivery of Alaska natural gas.

(a) *General rule.* No more than six months and no less than 30 days prior to the time a shipper can reasonably anticipate the incurrence of ANGTS charges associated with the actual delivery of Alaska natural gas, the shipper shall file to establish a Base Tariff Rate which reflects the inclusion of the jurisdictional portion of such charges in its rates by making a general rate change filing pursuant to section 4(e) of the Natural Gas Act and § 154.63 of this chapter. A shipper shall include in this filing all costs, volumes and revenues associated with the ANGTS and the introduction of Alaska natural gas into its total gas supply.

(b) *Suspension.* If the sole basis for the suspension of a shipper's proposed rate(s) in the proceeding described in this paragraph is a challenge of the rate(s) pursuant to § 154.203(a)(2) of this chapter, such that absent the challenge the rate(s) would not be suspended, the Commission will not suspend the rate(s) for more than one day after the proposed effective date of the rate(s).

(c) *Cost classification.* In its ACR Clause, a shipper may classify up to 100 percent of the jurisdictional portion of its ANGTS charges as demand. A shipper shall classify the jurisdictional portion of its ANGTS charges into the demand component of its two-part, demand-commodity rates and into its one-part commodity rates in accordance with the formula set forth in that shipper's ACR Clause approved by the Commission. In any filing to adjust rates to track changes in the jurisdictional portion of its ANGTS charges, as prescribed in § 154.208 of this chapter, a shipper shall use this formula until the Commission approves a new methodology, at the shipper's request.

(d) *Cost allocation.* A shipper shall allocate its ANGTS charges between its jurisdictional and non-jurisdictional services on the basis of the jurisdictional allocation factor(s) approved by the Commission pursuant to the filing prescribed in paragraph (a) of this section. In any filing to adjust rates to track changes in the jurisdictional portion of its ANGTS charges, as prescribed in § 154.208 of this chapter, a shipper shall use such allocation factor(s) until the Commission approves a new allocation factor(s) at the shipper's request.

### § 154.208 Filing to track changes in ANGTS charges.

(a) *General rule.* Following the effective date of its Base Tariff Rate established pursuant to the filing described in § 154.207(a) of this chapter, a shipper may adjust its rates positively and must adjust its rates negatively to track changes in the jurisdictional portion of its ANGTS charges and shall include a surcharge in its adjusted rates to recover or return amounts accumulated in the "Unrecovered ANGTS Account," described in paragraph (e) of this section, during the preceding six-month accounting period. A shipper shall follow this procedure in each succeeding rate adjustment filing to track changes in the jurisdictional portion of its ANGTS charges.

(b) *Timing.* A shipper shall file any rate adjustment to track changes in the jurisdictional portion of its ANGTS charges as follows:

(1) It may coincide the proposed effective date of such rate adjustments with the proposed effective date of the shipper's rate adjustments for changes in purchased gas costs ("PGA") pursuant to § 154.305 or § 154.308 as designated in § 154.206(b)(1)(i); or

(2) It may state in its ACR Clause that it will file on any other semiannual dates. If the Commission approves this provision in the ACR Clause, pursuant to § 154.205 of this chapter, the shipper shall file to adjust its rates on these dates. The shipper must continue filing on these dates until the Commission orders otherwise.

(c) *Separate computation.* A shipper shall compute rate adjustments separately for each of the project segments, and shall use the net sum of such separately computed rate adjustments to track changes in the jurisdictional portion of its ANGTS charges.

(d) *Threshold amount.* A shipper shall adjust it rates to track changes in the jurisdictional portion of its ANGTS charges only if such rate adjustment equals or exceeds a level (either a stated dollar amount or a rate adjustment amount) specified in the shipper's approved ACR Clause.

(e) *Accounting procedures.* A shipper shall maintain separate subaccounts for ANGTS charges and unrecovered ANGTS charges as specified in the following procedures. A shipper shall:

(1) Record the portion of the ANGTS charges to be recovered from jurisdictional sales customers in a separate subaccount of Account No. 858, Transmission and Compression of Gas by Others (18 CFR Part 201) designated as the "ANGTS Charges Account."

(2)(i) Credit or debit, as appropriate, no less than monthly, the ANGTS Charges Account with the ANGTS charges incurred for the period, recoverable from jurisdictional customers, that are in excess of, or less than, the applicable amounts recovered during the period through the application of approved rate schedules and,

(ii) Debit or credit, as appropriate, a separate subaccount of Account No. 186, Miscellaneous Deferred Debits (18 CFR Part 201), designated as the "Unrecovered ANGTS Charges Account." Separate subaccounts of the Unrecovered ANGTS Charges Account shall be maintained for each six-month period in which excesses or deficiencies are recorded.

(3) Amortize to the ANGTS Charges Account, over the appropriate six-month period, the amounts, either positive or negative, including carrying charges, accumulated in the Unrecovered ANGTS Charges Account coincidental with the recovery or return, as applicable, of such amounts through application of an approved surcharge.

(4) Carry forward to the next succeeding surcharge period any remaining balance in the Unrecovered ANGTS Charges Account for recovery or return, as applicable, in that period.

(5) Adopt the principles of interperiod income tax allocation applicable to the amounts deferred in the Unrecovered ANGTS Charges Account by deferring the applicable tax effect of the amounts recorded in the Unrecovered ANGTS Charges Account in Account 190, Accumulated Deferred Income Taxes (18 CFR Part 201) or Account 283, Accumulated Deferred Income Taxes—Other (18 CFR Part 201), as appropriate.

(f) *Carrying charges.* A shipper shall compute carrying charges monthly based on the average daily balances properly recorded in the Unrecovered ANGTS Charges Account, net of the related amounts in the applicable deferred income tax accounts (Account No. 190 or Account No. 283). The rate for computation of carrying charges shall be the current rate of interest on pipeline refunds set forth in § 154.67(d)(2)(iii)(A) of this chapter, with interest compounded in the manner set forth in § 154.67(d)(2)(iii)(B) of this chapter. Monthly, a shipper shall debit carrying charges to the Unrecovered ANGTS Charges Account if the average daily balance for the month in that account is positive, and shall credit carrying charges to the Unrecovered ANGTS Charges Account if the average daily balance for the month in that account is negative.

(g) *Posting, verification and service requirements.* At least 30 days prior to the proposed effective date of any rate adjustment to track changes in the jurisdictional portion of the ANGTS charges, a shipper shall file with the Commission and post pursuant to § 154.16 of this chapter a tariff sheet(s) containing the information required in § 154.33(d) of this chapter and including separate columns that show the current adjustment, cumulative adjustment and current surcharge for ANGTS charges. Simultaneously with this posting, a shipper shall file with the Commission a report containing detailed computations that clearly show the derivation of the current adjustment and the surcharge to be applied to the shipper's existing rate(s). A shipper shall furnish such report to its jurisdictional customers and interested state and local regulatory agencies at the same time the shipper files the report with the Commission.

(h) *Suspension period.* In any rate adjustment filing made by a shipper pursuant to its approved ACR Clause or cost-of-service tariff to track changes in the jurisdictional portion of its ANGTS charges, the Commission will not suspend the portion of the shipper's adjusted rate(s) attributable to such changes for more than one day after the approved effective dates of the shipper's simi-annual rate adjustment.

[Order 320, 48 FR 34458, July 29, 1983, as amended by Order 483, 52 FR 43880, Nov. 17, 1987]

### § 154.209 Filing to restate base tariff rate.

(a) *General rule.* (1) At least 30 days prior to the expiration of 36 months after the effective date of any previously approved Base Tariff Rate (36-month anniversary date), a shipper shall file a tariff sheet(s) restating its Base Tariff Rate and file a cost-and-revenue study in the form and with the content prescribed by § 154.63 of this chapter, except Statements O and P, to support the restated Base Tariff Rate. This study shall be based on actual costs for the twelve months of most recently available experience, provided that such 12-month period ends not more than 4 months prior to the expiration of the 36-month period. Annualization for changes which actually occurred in the 12 months will be permitted.

(2) If, before the expiration of the 36-month period, a shipper makes a general rate change filing under section 4(e) of the Natural Gas Act to establish a new Base Tariff Rate or establishes a new Base Tariff Rate pursuant to § 154.310 of this chapter, or the Commission initiates a proceeding under section 5(a) of the Natural Gas Act in which a new Base Tariff Rate is established, a new 36-month period will commence when the Base Tariff Rate established in any of these proceedings becomes effective.

(b) *Use of study from another rate proceeding.* If a shipper has a section 5(a) case pending issuance of a final order or has made a section 4(e) general rate change filing for which the proposed rates would not become effective before termination of the 36-month period, the shipper may propose for Commission approval a study from either proceeding to satisfy the requirements of paragraph (a)(1) of this section, if:

(1) That study has a test period ending less than 12 months prior to the 36-month anniversary date; and

(2) That study includes, or is adjusted to include, the effects of volumes and revenues attributable to ANGTS as well as ANGTS charges.

(c) *Service requirement.* A shipper shall serve the study filed with the Commission to support the restatement of its Base Tariff Rate on its jurisdictional customers and interested state and local regulatory agencies at the same time as it files the study with the Commission. If the restatement involves a change in the tariff, the shipper shall post the tariff under § 154.16 of this chapter.

(d) *Refunds*—(1) *ACR Clause requirement.* A shipper shall state its agreement that its restated Base Tariff Rate will automatically be subject to refund from the date the rate(s) proposed in that filing is permitted by the Commission to become effective until the date that rate becomes effective pursuant to a Commission final order approving that shipper's proposed new Base Tariff Rate or requiring a different new Base Tariff Rate.

(2) *Refund obligation.* If as a result of conferences among the shipper, its jurisdictional customers, interested state and local regulatory agencies, and the Commission staff, or as a result of Commission determination after hearing, the Commission finds that on the basis of the study prescribed in paragraph (a)(1) of this section, the jurisdictional cost of service is less than the jurisdictional revenues collected, the shipper shall file with the Commission a revised tariff sheet(s) reflecting jurisdictional rates based on the jurisdictional cost-of-service agreed to by the shipper, affected parties, and the Commission staff, or determined by the Commission. The shipper shall also refund with interest to its jurisdictional customers any amounts collected subject to refund in excess of those amounts which would have been collected pursuant to rates based upon the jurisdictional cost-of-service agreed to by the shipper, affected parties, and the Commission staff; or, alternatively, the jurisdictional cost-of-service prescribed by the Commission to the date of billing under the revised tariff sheet(s). This refund obligation shall be limited to the amount collected in excess of the previously established Base Tariff Rate. Rate reductions, if any, below the previously established Base Tariff Rate shall be prospective from the date of the Commission's final order approving an agreement in regard to or determining a new Base Tariff Rate.

(3) *Refund procedure.* A shipper shall make any refund determined to be owed to the shipper's jurisdictional coustomers according to the manner, timing, reporting requirements and threshold amounts specified in its approved ACR Clause.

(4) *Computation of interest on refunds.* A shipper shall compute interest on any refund determined to be owed to the shipper's jurisdictional customers in the manner and at the rate prescribed in § 154.208(f) of this chapter.

[Order 320, 48 FR 34458, July 29, 1983, as amended by Order 483, 52 FR 43880, Nov. 17, 1987]

### § 154.210 Refunds from project sponsors.

(a) *General rule.* A shipper shall flow-through to its jurisdictional customers the jurisdictional portion of all refunds attributable to ANGTS charges (including interest received) received from the project sponsors.

(b) *Flow-through procedure.* A shipper shall flow-through such refunds according to the manner, timing, reporting requirements and threshold amounts specified in the shipper's approved ACR Clause, unless the refund is attributable to a total cessation of service, in which event the procedure for flowing through the refund will be determined pursuant to a Commission order.

(c) *Computation of interest.* A shipper shall accrue interest on the jurisdictional portion of all refunds, including interest received, from the date that it receives such refunds from the project sponsors until the date that it disburses the refund to its jurisdictional customers, and shall compute such interest in the manner and at the rate prescribed in § 154.208(f) of this chapter.

### § 154.211 Line pack gas costs.

In any filing by a shipper to establish a Base Tariff Rate and in any subsequent filing to restate a Base Tariff Rate, the shipper shall demonstrate that costs associated with line pack gas are properly accounted for and properly reflected in its rate(s). In the event a shipper's volume of line pack gas has decreased from the volume of line pack gas previously reflected in its rate(s), the shipper shall further demonstrate that it has appropriately recognized and accounted for any excess revenues collected from its jurisdictional customers.

### § 154.212 Separate tracking of ANGTS charges and purchased gas costs.

A shipper shall maintain separate tariff provisions for tracking changes in its ANGTS charges and for tracking changes in its purchased gas costs attributable to Alaska natural gas. A shipper shall track changes in its purchased gas costs attributable to Alaska natural gas pursuant to §§ 154.301 through 154.310 of this chapter.

[Order 320, 48 FR 34458, July 29, 1983, as amended by Order 483, 52 FR 43880, Nov. 17, 1987]

### § 154.213 Election of an ACR clause

(a) *General rule.* A shipper shall elect once every three years whether to recover all changes in its ANGTS charges through filings made under § 154.208 of this chapter and pursuant to its ACR Clause (ACR Clause option), through general rate change filings under § 154.63 of this chapter (non-ACR Clause option), or through a cost-of-service tariff approved by the Commission under § 154.204: *Provided, however,* That election to discontinue the ACR Clause or the use of a cost-of-service tariff approved by the Commission shall be subject to approval by the Commission.

(b) *Procedure for election.* For purposes of this section, "election period" means a three year calendar period to commence coincidentally on the approved effective date of the earlier of a shipper's semiannual rate adjustments (pursuant to § 154.208 of this chapter) every third year. The first election period commences on the approved effective date of the earlier of a shipper's semiannual rate adjustments (pursuant to § 154.208 of this chapter) of the fourth year following the year in which a shipper first tracks changes in its ANGTS charges under § 154.208 of this chapter and pursuant to its ARC Clause. The election for an election period must be made on or before the first day of the month preceding the new election period and is binding for an entire election period. A shipper electing the ACR Clause option pursuant to this section may terminate its ACR Clause effective as of the next election period by filing revised tariff sheets eliminating the ACR Clause from its tariff. Such tariff sheets must be filed on or before the first day of the month preceding a new election period to become effective on the first day of the new elections period. If a shipper does not make such a filing, it shall be considered to have elected to renew its ACR Clause option for the new election period. A shipper which has chosen the non-ACR Clause option for an election period may file revised tariff sheets implementing the ACR Clause option for the next election period. Such tariff sheets must be filed on or before the first day of the month preceding a new election period to make the ACR Clause effective on the first day of that election period.

(c) *Effect of election.* If a shipper elects the ACR Clause option, or if a shipper elects the non-ACR option and the Commission does not approve such election, the shipper shall file for changes in its ANGTS charges exclusively through its ACR Clause during the following election period. If a shipper elects the non-ACR Clause option and the Commission approves such election, the shipper shall file for changes it its ANGTS charges exclusively in general rate change filings under § 154.63 of this chapter. A shipper shall not change any provision in its approved cost-of-service tariff without the Commission's approval.

## PURCHASED GAS ADJUSTMENT CLAUSES

SOURCE: Sections 154.301 through 154.310 appear by Order 483, 52 FR 43880, Nov. 17, 1987, unless otherwise noted.

### § 154.301 Applicability.

(a) *Scope.* These sections establish procedures for an interstate natural gas pipeline to recover the changes in the cost of purchased natural gas through a purchased gas adjustment (PGA) clause instead of in a general rate proceeding pursuant to section 4 of the Natural Gas Act and § 154.63.

(b) *Cross reference.* The procedures for recovering purchased gas costs in a general rate proceeding under section 4 of the Natural Gas Act are set forth in § 154.63.

### § 154.302 Definitions.

For purposes of §§ 154.301 through 154.310:

(a) "Pipeline" means an interstate natural gas pipeline company subject to the Commission's jurisdiction under section 1 of the Natural Gas Act.

(b) "As-billed" means a method by which a pipeline charges its customers the costs of gas in the same manner it is billed by its pipeline suppliers.

(c) "Base tariff rate" is the rate level determined at the time a pipeline adopts a PGA clause, in a general rate case under § 154.63, under section 5 of the Natural Gas Act, or in a proceeding under § 154.303(e).

(d) "Effective rate" means the rate a pipeline charges, including adjustments, as provided for in the pipeline's FERC Gas Tariff, as accepted or approved by the Commission.

(e) "Base cost of gas" means the component in the base tariff rate that represents the average cost of purchased gas.

(f) "Concurrent exchange transaction" means a transfer of equal quantities of natural gas between two parties that is intended under a written agreement to occur at the same time.

(g) "Nonconcurrent exchange transactions" means a transfer of equal quantities of natural gas between two parties that is intended under a written agreement to occur at different times.

(h) "Exchange-in" means the quantities of natural gas a pipeline receives during a month:

(1) As part of concurrent and nonconcurrent exchange transactions, and

(2) In excess of the quantities of natural gas it delivers under transportation agreements authorized under Parts 157 and 284 of this chapter.

(i) "Exchange-out" means the quantities of natural gas a pipeline delivers during a month:

(1) As part of concurrent and nonconcurrent exchange transactions, and

(2) In excess of the quantities of natural gas it receives under transportation agreements authorized under Parts 157 and 284 of this chapter.

(j) "Purchased gas cost" means the cost of natural gas purchased by a pipeline. These costs, adjusted to reflect net injections to or withdrawals from storage, include:

(1) Wellhead purchases from producers in gas fields or production areas where only the pipeline's facilities are used to bring the gas from the wellhead into the pipeline's natural gas system;

(2) Wellhead intracompany transfers of gas supplied by a pipeline's production division when the price of the gas is not determined by a cost-of-service proceeding;

(3) If the facilities of the vendor or others are used to bring the gas from the wellhead to the point of entry into the pipeline's natural gas system, field line purchases in gas fields or production areas at points along gathering lines and at points along the pipeline's transmission lines within field or production areas, excluding purchases at outlets of gasoline plants;

(4) Natural gas gasoline plant purchases at the outlet side of a vendor's natural gas products extraction plant;

(5) Natural gas transmission line purchases at points along the pipeline's transmission lines not within gas fields or production areas, excluding purchases at the outlets of product extraction plants;

(6) Pipeline or affiliate production that qualifies under § 154.42;

(7) The cost of nonconcurrent exchange transactions when authorized under a written agreement;

(8) Taxes under § 271.1102 of this chapter;

(9) Costs under § 271.1104 of this chapter;

(10) Unpaid accruals, as defined in paragraph (r) of this section; and

(11) Any other costs of natural gas purchased by a pipeline and approved by the Commission.

(k) "Purchased gas adjustment (PGA) clause" means a statement filed in a pipeline's tariff that explains how the pipeline will implement the requirements of this section.

(l) "PGA effective period" means the time period during which a current adjustment is or will be in effect.

(m) "Unit-of-purchase methodology" means, for purposes of a current adjustment, a method for computing a pipeline's average projected purchased gas costs derived by dividing the pipeline's total projected purchased gas costs the pipeline anticipates purchasing during the PGA effective period by the quantities of gas used to compute its total projected purchased gas costs, as detailed in § 154.305.

(n) "Unit-of-sales methodology" means, for purposes of a current adjustment, a method for computing a pipeline's average projected purchased gas costs derived by dividing the pipeline's total projected purchased gas costs the pipeline anticipates purchasing during the PGA effective period by the quantities of gas the pipeline anticipates selling during the PGA effective period.

(o) "Current adjustment" means a rate component in a pipeline's tariff, determined by applying either the unit-of-purchase or unit-of-sales methodology, used to reflect the difference between:

(1) The current weighted average projected purchased gas costs, and

(2) The weighted average projected purchased gas costs reflected in the effective period of the previous scheduled PGA.

(p) "Deferral period" means a period of 12 months ending four months before the effective date of a pipeline's annual PGA filing.

(q) "Surcharge rate amortization period" means the time period approved by the Commission during which a surcharge rate, determined under § 154.305, is charged by a pipeline.

(r) "Unpaid accrual" means an expense for services rendered or property delivered to the pipeline for which the pipeline has a legally enforceable obligation to pay which the pipeline has not paid within its billing and payment cycle, provided that the billing and payment cycle does not exceed 60 days from the end of the month in which the services were rendered or property was delivered.

(s) "Rolling weighted average inventory costing methodology" means a method of pricing gas inventory in which injections are priced at the month's jurisdictional system cost of purchased gas and withdrawals are priced by dividing the total purchase cost of the gas in storage by the quantity of gas in storage.

### § 154.303 Election of a PGA clause.

(a) *General rule.* Subject to § 154.310, a pipeline may elect to recover changes in its purchased gas costs either by:

(1) Filing a request for a change in its rate level under § 154.63, or

(2) Complying with the election procedures in paragraph (b) of this section.

(b) *Procedure for election.* For purposes of this paragraph, "election period" means a three-year calendar period commencing on January 1 of every third year. The first election after that described in paragraph (b)(1) of this section is January 1, 1991.

(1) The first election commences on June 1, 1988.

(2) A pipeline with a PGA clause in its tariff on May 1, 1988, will be considered to have elected to recover its changes in purchased gas costs through the PGA clause unless the pipeline notifies the Commission by May 1, 1988, that it has elected not to recover any changes in purchased gas costs through a PGA clause.

(3) A pipeline that elects to discontinue recovering for changes in purchased gas costs through its PGA clause must file revised tariffs sheets eliminating the PGA clause from its tariff by May 1, 1988, to be effective on June 1, 1988. Waiver of the notice requirements of § 154.22 will be granted to permit the conforming tariff sheets to become effective on June 1, 1988.

(4) A pipeline that elects the PGA clause option in the first election period may terminate its PGA clause effective as of the next election period by filing revised tariff sheets eliminating the PGA clause on or before December 1 preceding a new election period, to be effective on the first January 1 of the new election period.

(5) If a pipeline with a PGA clause in its tariff does not make a filing to terminate the PGA clause on or before December 1 preceding a new election period, the pipeline will be considered to have elected to recover changes in its purchased gas costs through the PGA clause during the new election period.

(6) A pipeline that elects the non-PGA option for an election period may file revised tariff sheets implementing the PGA clause option for the next election period. A pipeline that makes such an election must file revised tariff sheets to implement the PGA clause option on or before December 1

preceding a new election period to make the PGA clause effective on the first January 1 of that election period.

(7) A pipeline that elects to recover its changes in purchased gas costs through the PGA clause must not change its election or file tariff sheets eliminating its PGA clause from its tariff during the election period.

(c) *PGA clause option.* Subject to paragraph (e) of this section, a pipeline that elects the PGA clause option for the first election period, beginning on June 1, 1988, must not include any change in purchased gas costs in a Natural Gas Act section 4 rate filing made under § 154.63 which is filed on or after May 1, 1988.

(1) Subject to paragraph (c)(5) and paragraph (e) of this section, during any period in which a pipeline elects the PGA clause option, the pipeline must file for changes in purchased gas costs through its PGA clause and not through a Natural Gas Act section 4 rate filing under § 154.63.

(2) If a pipeline elects to recover changes in its purchased gas costs through filings made under a PGA clause, it must file tariff sheets containing a PGA clause, to be approved by the Commission, that:

(i) Detail the computation of all the adjustments to the pipeline's base tariff rates as permitted by §§ 154.305, 154.308, and 154.309;

(ii) Indicate whether the pipeline has elected either the unit-of-purchase methodology or the unit-of-sales methodology, and state that it will consistently use the same methodology elected for computing the current adjustment and for determining the monthly deferrals to Account No. 191;

(iii) State that the pipeline will apply to the adjustments permitted by §§ 154.305, 154.308, and 154.309, only the portion of the changes in its purchased gas costs that are allocated to the pipeline's jurisdictional sales;

(iv) Describe how the pipeline will refund amounts described in § 154.305(i); and

(v) Adopt all other terms and conditions specified in this part.

(3) A pipeline must normalize all income tax timing differences which are the result of differences between the period in which expense or revenue enters into the determination of taxable income and the period in which the expense or revenue enters into the determination of pre-tax book income.

(4) A PGA clause filed with the Commission will become effective only after the Commission issues an order accepting the PGA clause for filing.

(5) A pipeline may request a waiver from the Commission of the PGA election requirements of this section if the pipeline demonstrates:

(i) That it is unable to arrange for financing of the balances accrued in Account No. 191, or

(ii) That it is unable to earn its overall rate of return last allowed by the Commission because of the magnitude of the balance in Account No. 191 and a significant difference exists between the costs of financing the Account No. 191 balances and the carrying charges permitted under § 154.305(h).

(d) *Non-PGA clause option.* During an election for which a pipeline has elected the non-PGA clause option, the pipeline may only recover for changes in purchased gas costs by filing a Natural Gas Act section 4 rate filing pursuant to § 154.63. The pipeline must not file tariff sheets to include a PGA clause in its tariff during the three-year election period.

(e) *Three-year filing requirement to establish new base tariff rate.* (1) *General requirement.* At least 30 days before the expiration of 36 months after the effective date of any previously approved base tariff rate(s), the pipeline must file a tariff sheet(s) restating its rates to establish new base tariff rate(s) containing the following information:

(i) A pipeline must state its agreement that this filing will automatically be subject to refund until an agreement is reached or a Commission determination is made establishing new base tariff rate(s); and

(ii) With the tariff sheet(s) the pipeline must file a study in the form and with the content prescribed in § 154.63, except Statements O and P, to support the new base tariff rates. On or after October 31, 1988, the tariff sheets and statements must be filed on electronic media as prescribed in §§ 154.63 and 385.2011 of this chapter.

(A) If the pipeline has a Natural Gas Act section 5(a) case pending a final Commission order, or has made a Natural Gas Act section 4 rate filing under § 154.63 for which the proposed rates would not become effective before termination of the 36-month period, a study from that proceeding may utilized.

(B) This study must be based upon actual costs for the 12 months of most recently available experience, provided that the 12-month period used ends not more than 4 months before the expiration of the 36-month period. Annualization for changes which actually occurred in the 12-month period is permitted.

(C) This study must be served on a pipeline's jurisdictional customers and interested state commissions concurrently with the pipeline's filing with the Commission.

(2) *Effect of a filing under § 154.63.* If a Natural Gas Act section 4 rate change proceeding under § 154.63 is filed before the expiration of the 36-month period, a new 36-month period will begin when the rates proposed in the § 154.63 filing go into effect. Rates determined by the Commission in a general Natural Gas Act section 4 rate proceeding pursuant to § 154.63, or section 5(a) of the Natural Gas Act, or rates in a settlement agreement approved by the Commission will establish the new base tariff rates when they become effective pursuant to a Commission order, and a new 36-month period will start.

(3) *Restatement of new base tariff rate.* If, either as a result of a Commission approved agreement among a pipeline, its jurisdictional customers, interested state commissions, and the Commission staff, or, as a result of a Commission determination after a hearing, it is found, based on the cost study prescribed in paragraph (c)(1)(ii) of this section, that the jurisdictional cost-of-service is less than jurisdictional revenues collected for the same 12-month period used in the cost study, as adjusted, a pipeline must:

(i) Restate its base tariff rate(s);

(ii) File with the Commission a revised tariff sheet(s) reflecting a reduction in its jurisdictional rates by an amount equal to the excess revenues agreed upon or determined; and

(iii) Refund to its jurisdictional customers any excess amounts collected subject to refund to the date of billing under the revised tariff sheet(s), with interest to that date.

(A) This refund obligation will be limited to the amount collected in excess of the prior or suspended base tariff rate.

(B) The rate reduction, if any, below the old base tariff rate(s) is to be prospective from the date of the Commission's order determining the new base tariff rate(s).

[Order 483, 52 FR 43880, Nov. 17, 1987, as amended by Order 493, 53 FR 15028, Apr. 27, 1988; Order 493-B, 53 FR 49653, Dec. 9, 1988]

### § 154.304 Scheduled annual and quarterly PGA filings.

(a) *General rule.* A pipeline that elects a PGA clause pursuant to § 154.303(b) must file under the schedule specified in paragraph (c) of this section:

(1) An annual PGA filing described in § 154.305 that contains both a current adjustment to reflect any changes in the pipeline's purchased gas costs since the pipeline's last scheduled quarterly PGA filing and a surcharge rate adjustment to clear any ending balance(s) in the current deferral subaccount(s) of Account No. 191; and

(2) Three quarterly PGA filings described in § 154.308 that contain current adjustments to track any changes in the pipeline's purchased gas costs since the pipeline's last scheduled PGA filing.

(b) *Exception to rate change filing requirement.* Except for the surcharge rate adjustment described in § 154.305(d), a pipeline may reflect a purchased gas adjustment in its rates only if the adjustment represents a dollar amount equal to at least 1 mill ($0.001) per MMBtu of jurisdictional sales.

(c) *Effective dates.* A pipeline must file its annual and quarterly PGA filings with the Commission to be effective as follows:

ANNUAL DATE: JANUARY 1

[Quarterly Dates: Apr 1, July 1, Oct 1]

Alabama-Tennessee Natural Gas Company
Granite State Gas Transmission, Inc.
East Tennessee Natural Gas Company
Nothern Natural Gas Company
Sea Robin Pipeline Company
Tennessee Gas Pipeline Company
National Fuel Gas Supply Corporation

ANNUAL DATE: FEBRUARY 1

[Quarterly Dates: May 1, Aug 1, Nov 1]

Lawrenceburg Gas Transmission Corporation
Texas Eastern Transmission Corporation
Texas Gas Transmission Corporation

ANNUAL DATE: MARCH 1

[Quarterly Dates: June 1, Sept 1, Dec 1]

Algonquin Gas Transmission Company
Natural Gas Pipeline Company of America
North Penn Gas Company
Panhandle Eastern Pipe Line Company

ANNUAL DATE: APRIL 1

[Quarterly Dates: July 1, Oct 1, Jan 1]

Arkla Energy Resources, A Division of Arkla, Inc.
Commercial Pipeline Company, Inc.
Midwestern Gas Transmission Company, Southern Division
Northwest Pipeline Corporation
Southern Natural Gas Company

ANNUAL DATE: MAY 1

[Quarterly Dates: Aug 1, Nov 1, Feb 1]

ANR Pipeline Company
Columbia Gas Transmission Company
Florida Gas Transmission Company
Kentucky-West Virginia Gas Company
MIGC, Inc.
Williams Natural Gas Company

ANNUAL DATE: JUNE

[Quarterly Dates: Sept 1, Dec 1, Mar 1]

Mississippi River Transmission Corporation
Questar Pipeline Company
Pacific Interstate Transmission Company
Valero Interstate Transmission Company

ANNUAL DATE: JULY 1

[Quarterly Dates: Oct 1, Jan 1, Apr 1]

Distrigas of Massachusetts Corporation
El Paso Natural Gas Company
Gas Gathering Corporation
South Georgia Natural Gas Company
Transwestern Pipeline Company

ANNUAL DATE: AUGUST 1

[Quarterly Dates: Nov 1, Feb 1, May 1]

Bayou Interstate Pipeline System
Transcontinental Gas Pipe Line Compan
Western Gas Interstate Company
Williston Basin Interstate Pipeline Comp ny

ANNUAL DATE: SEPTEMBER 1

[Quarterly Dates: Dec 1, Mar 1, June 1]

CNG Transmission Corporation
Carnegie Natural Gas Company
Equitrans, Inc.
Locust Ridge Gas Company
Mid Louisiana Gas Company
Trunkline Gas Company

ANNUAL DATE: OCTOBER 1

[Quarterly Dates: Jan 1, Apr 1, Jul 1]

Colorado Interstate Gas Company
Raton Gas Transmission Company
Ringwood Gathering Company
Southwest Gas Corporation
United Gas Pipeline Company
West Texas Gas, Inc.

ANNUAL DATE: NOVEMBER 1

[Quarterly Dates: Feb 1, May 1, Aug 1]

Eastern Shore Natural Gas Company
Great Lakes Gas Transmission Compan
Inter-City Minnesota Pipeline, Ltd., Inc.
Texas Gas Pipe Line Corporation
Valley Gas Transmission
Midwestern Gas Transmission Comp Northern Division

ANNUAL DATE: DECEMBER 1

[Quarterly Dates: Mar 1, June 1, Sept

KN Energy, Incorporated
Louisiana-Nevada Transit Company
Western Transmission Corporation

[Order 483, 52 FR 43860, Nov. 17, 198
amended by Order 483-A, 53 FR 7502, M
9, 119; 53 FR 11991, Apr. 12, 1988]

### § 154.305 Annual PGA filing.

(a) *Filing requirements.* The ann
filing must be filed with the Comm
sion and posted pursuant to § 154.3
least 60 days before a pipeline's p
posed annual effective date, as est
lished under § 154.304(c). At the sa
time, the pipeline must serve its ju
dictional customers and interes
state commissions with a copy of t
filing. The copy of the filing serve
the jurisdictional customers and in
ested state commissions must be

hard copy format set forth in Exhibit C of the FERC Form No. 542-PGA unless otherwise agreed to by the jurisdictional customers and interested state commissions. The notice of an annual PGA filing given under § 385.210 of this chapter will provide 20 days for the filing of interventions and protests. The filing must contain:

(1) Tariff sheets that conform to both the format specified in § 154.33(d) and the following format:

NOTICE OF PURCHASED GAS COST ADJUSTMENT RATE CHANGE

| Rate schedule | Base tariff rate [1] | Current adjustment | Cumulative adjustment | Surcharge adjustment | GRI adjustment | Other adjustment | Total |
|---|---|---|---|---|---|---|---|
| | | | | | | | |

Estimated average cost of gas in last scheduled PGA: $X.XX Current estimated average cost of gas in latest PGA (rate currently being charged): $X.XX

[1] The base tariff rate is the effective rate on file with the Commission, excluding adjustments approved by the Commission.

(2) A report containing detailed computations which clearly show the derivation of the current adjustment and a surcharge rate to be applied to a pipeline's effective rates.

(i) The format in which this report must be submitted and the information that the report must contain are set forth in FERC Form No. 542-PGA, Purchased Gas Adjustment (PGA) Filing, available at the Energy Information Administration (EIA), Department of Energy, 1000 Independence Avenue SW, Washington, DC 20585.

(ii) All data or summaries in the filing reflecting the books of account must be supported by accounting working papers, including reconciling schedules which may be verified easily. All statements, schedules, and working papers must be prepared in accordance with the classifications provided in the Uniform System of Accounts in Part 201 of this chapter. Upon request by the Commission staff, a pipeline must make available all working papers for staff examination. All working papers must be indexed and cross-referenced to the filing.

(3) A report containing statements about the pipeline's purchasing patterns. The report will consist of:

(i) A statement outlining the purchasing policies that gave rise to the annual and quarterly projections in Schedule A1 of FERC Form No. 542-PGA;

(ii) A statement about the underlying basis for the annual purchases reflected in the annual PGA filing; and

(4) Any changes to an intracompany operating statement for all gas produced by a pipeline, as defined in § 270.2[illegible]3(o) of this chapter, on file with the Commission.

(b) *Treatment of change in cost of gas from various types of suppliers.* A pipeline must apply changes in the cost of purchased gas to its base tariff rates in the following manner:

(1) Producer rate changes must be applied to the commodity component of a pipeline's two-part rates or to the volumetric rates of a pipeline's one-part rates.

(2) Pipeline supplier rate changes must be applied as billed to a pipeline's two-part rates or applied to a pipeline's volumetric rates in a manner which maintains the pipeline's one-part rate design.

(3) Imported natural gas rate changes must be applied to a pipeline's rates in the following manner:

(i) Production costs, gathering costs, and carrying charges associated with take-or-pay payments must be applied to the commodity component of a pipeline's two-part rates or to the volumetric rates of a pipeline one-part rates.

(ii) Fixed transmission costs must be classified as demand cost and commodity costs using a cost classification methodology approved by the Commission with respect to the subject costs.

(iii) Volumetric charges must be applied to the commodity component of a pipeline's two-part rates or to the volumetric rates of a pipeline's one-part rates.

(c) *Determining the current adjustment*—(1) *Method for projecting cost of purchased gas.* A pipeline must project its purchased gas costs based on:

(i) The best estimate of the quantities of natural gas a pipeline expects to purchase and to receive in noncurrent exchange transactions during the three months beginning on the effective date of the PGA;

(ii) Known and measurable changes in the rate, for all but pipeline supplier rates, based on contractual obligations that are in existence on the date the PGA is filed. The rate to be used for each projected purchase of pipeline supply will be the rate in effect as of the effective date of the PGA or a rate which will come out of suspension during the PGA effective period. The rate for producer supply may be adjusted, if applicable, by the monthly ceiling price escalations allowed under the Natural Gas Policy Act of 1978; and

(iii) The best estimate of quantity and cost adjustments for storage injections and withdrawals.

(2) *Limitation on projecting cost of purchased gas.* A pipeline may only project its purchased gas costs based on gas supply attached to its system as of the effective date of the PGA.

(3) *Estimated sales quantities.* If a pipeline uses the unit-of-sales methodology, the pipeline's estimated sales volumes will be the pipeline's best estimate of the volumes of natural gas the pipeline expects to sell during the three months beginning on the effective date of the PGA.

(4) *Revision to the current adjustment.* A pipeline may file a revision to the current adjustment filed with its annual PGA. The revision must be filed with the Commission and posted under § 154.16, at least 30 days before a pipeline's annual PGA effective date, as established in § 154.304(c). At the same time, the pipeline must serve its jurisdictional customers and interested state commissions with a copy of the filing as described in paragraph (a) of this section. The revision must conform to the following:

(i) The filing must contain tariff sheets as specified in paragraph (a)(1 of this section.

(ii) This report must contain detailed computations that clearly show the derivation of the revision to the current adjustment. The format in which this report must be submitted and the information that the report must contain should conform to the format for the quarterly PGA filing as set forth in FERC Form No. 542-PGA Purchased Gas Adjustment (PGA Filing.

(iii) The current adjustment must be determined as described in paragraphs (b) and (c) of this section. A pipeline must not make an adjustment to the surcharge rate in this filing.

(d) *Computing the surcharge rate.* A pipeline must compute a surcharge rate to amortize a surcharge balance determined under paragraph (e) of this section. To compute a surcharge rate, the surcharge balance must be divided by the pipeline's estimated sales volumes for the 12 month period beginning on the annual PGA effective date. The resulting surcharge rate will be in effect for the 12-month period beginning on the annual PGA effective date.

(e) *Surcharge balance.* Subject to the conditions in paragraph (f) of this section and § 154.306, the balance for determining the surcharge includes:

(1) The balance accumulated in the current deferral subaccount of Account No. 191 during the deferral period, as determined in paragraph of this section; and

(2) Any other costs the Commission allows a pipeline to include in the surcharge balance.

(f) *Unpaid accrual restrictions.* In each annual PGA filing, a pipeline must include a listing of each unpaid accrual of purchased gas costs which remains unpaid for three or more years from the month the cost was originally recognized in the pipeline's books and records. The pipeline must include a specific description of the circumstances which resulted in each unpaid accrual listed. The pipeline must obtain the Commission's appr al to continue the recognition of the unpaid accruals as a purchased gas cost.

(2) If the Commission does not approve the continued recognition of any unpaid accruals described in paragraph (f)(1) of this section as purchased gas costs, the amounts must be credited to the refund subaccount of Account No. 191 as specified by the Commission order.

(g) *Balances in the current deferral subaccount in Account No. 191.* The accumulated subaccount balances of Account No. 191 may include:

(1) Monthly deferrals of under- or overrecovered gas costs computed under paragraphs (g)(1)(i) or (g)(1)(ii), as applicable.

(i) If the unit-of-purchase methodology is adopted, monthly deferrals are the sum of the amounts determined by multiplying the difference between X and Y by Z where:

X = The applicable effective base cost of gas rate plus the cumulative current adjustment rate in effect;
Y = The actual monthly unit cost of gas purchased; and
Z = The monthly quantity of gas purchased and prorated to the current adjustment rate in effect during the month.

The actual unit cost of gas purchased is derived by dividing the sum of the total actual monthly cost of gas purchased determined in paragraph (g)(1)(iii) of this section and the adjustments determined in paragraph (g)(2) of this section, by the related purchase volumes.

(ii) If the unit-of-sales methodology is adopted, the monthly deferrals are the amounts determined by taking the difference between A and B where:

A = The total actual monthly cost of gas purchased as determined under paragraph (g)(1)(iii) of this section, and
B = The projected unit cost of purchased gas determined under paragraph (c) of this section that is recovered through the base cost of gas rate plus the cumulative current adjustment rate, multiplied by the actual quantities of gas sold under each current adjustment rate in effect during the month.

(iii) The actual cost of gas purchased used to calculate the monthly deferrals of under- or overrecovered purchased gas costs are the purchased gas costs, as defined in § 154.303(j), as adjusted for exchange transactions and transportation imbalances under paragraph (j) of this section. The actual cost of gas purchased under this paragraph must be attributable to gas quantities purchased and received in a month, that are paid for, or are for amounts known within 60 days of the end of the month in which the purchases were made and received that have not yet been paid.

(2) Adjustments to a prior month's actual cost of gas purchased as determined under paragraph (g) of this section.

(3) Adjustments to a prior month's revenue due to a revision to that prior month's sales level if a unit-of-sales methodology is adopted.

(4) Transfers of any unamortized amounts remaining in a deferral subaccount of Account No. 191 after the related surcharge amortization period has expired.

(5) Carrying charges, determined pursuant to paragraph (h) of this section and

(6) Transfers of any amounts remaining in a refund subaccount determined under paragraph (i) of this section, to be amortized as part of the surcharge balance.

(h) *Carrying charges*—(1) *General rule.* A pipeline must compute carrying charges on the Account No. 191 balance. After computing carrying charges, the pipeline must:

(i) Compound carrying charges on a calendar quarter basis, as specified in § 154.67(c)(2)(iii)(B); and

(ii) Debit carrying charges to Account No. 191 if the carrying charge base, specified in paragraph (h)(3) of this section, is a debit (positive), and credit carrying charges to Account No. 191 if the carrying charge base, specified in paragraph (h)(3) of this section is a credit (negative).

(2) *Method.* To compute carrying charges, a pipeline must multiply the carrying charge rate specified in paragraph (h)(4) of this section by the appropriate carrying charge base specified in paragraph (h)(3) of this section.

(3) *Carrying charge base.* (i) The carrying charge base for the refund, revenue credits and billing adjustments subaccount will be the prior month's ending refund, revenue credit and bill-

ing adjustment subaccount balance of Account No. 191 adjusted for any applicable deferred income taxes recorded consistent with § 154.303(c)(3) and reduced for unpaid accruals, if any.

(ii) The carrying charge base for any other subaccounts of Account No. 191 will be the prior month's ending subaccounts' balances:

(A) Reduced for unpaid accruals;

(B) Adjusted for any applicable deferred income taxes as recorded in either Account No. 283, or Account No. 190 consistent with § 154.303(c)(3);

(C) Increased or decreased for exchange transactions and transportation imbalances cost adjustments, determined in paragraph (j) of this section; and

(D) Adjusted for the difference, if any, between the rate used for storage gas, and the rate that would be effective for storage gas if a rolling weighted average inventory costing methodology had been used.

(4) *Carrying charge rate.* A pipeline must compute a monthly carrying charge rate for carrying charges by:

(i) Stating on an annual basis the applicable calendar quarterly rate prescribed in § 154.67(c)(2)(iii)(A);

(ii) Dividing the annual rate by 365 or 366, if a leap year, to compute a daily interest rate, expressed to the nearest one-onehundredth of one percent; and

(iii) Multiplying the daily interest rate by the number of days in the applicable month, to compute a monthly rate, expressed to the nearest one-onehundredth of one percent.

(i) *Refunds*—(1) *General rule.* A pipeline that elects a PGA clause under § 154.303 must return to its jurisdictional customers the jurisdictional portion, as determined under the pipeline's FERC gas tariff, of all refunds or revenue credits, including billing adjustments under §§ 270.101(e) and 273.302 of this chapter, and of all interest computed on these amounts received from its suppliers for the pipeline's purchases of natural gas. The pipeline must return these amounts to its jurisdictional customers by:

(i) Establishing a separately identified refund subaccount of Account No. 191. During a deferral period a pipeline must:

(A) Credit the subaccount with the jurisdictional portion of all refunds, revenue credits, and the related interest received;

(B) Debit the subaccount with the out-of-period billing adjustments; and

(C) Debit if the subaccount balance is a debit balance or credit if the subaccount balance is a credit balance with the carrying charges computed under paragraph (h) of this section.

(ii) If the refund subaccount balance is a credit balance, disbursing to its jurisdictional customers in cash the total refund subaccount balance when the total refund subaccount balance equals or exceeds an amount which is the lesser of:

(A) $2 million, or

(B) 1 cent per MMBtu, determined by dividing X by Y where:

X = The monthly ending refund balance, and
Y = The quantity of a pipeline's most recent 12 months of actual jurisdictional sales.

(iii) The disbursement must be made by the pipeline within 90 days of the end of the month in which a pipeline receives a refund, revenue credit, or billing adjustment which causes the refund subaccount balance to reach the level stated in paragraph (1)(ii)(A) or (1)(ii)(B) of this section.

(2) *Disbursement calculation*—(i) *Commodity disbursement.* For those portions of a refund based on commodity rates, the pipeline must determine each jurisdictional customer's share of the cash disbursement by taking the ratio of that customer's purchases from the pipeline for the 12-month period ending three months prior to the month in which the level in paragraphs (1)(ii)(A) or (1)(ii)(B) of this section is attained, to the pipeline's jurisdictional sales in the same 12-month period and multiplying the ratio by the total amount to be disbursed.

(ii) *Demand disbursement.* For pipelines with separate demand and commodity rates, the portion of a refund based on demand rates, unless otherwise ordered by the Commission, must be disbursed on an as-billed basis. The distribution must be based on the demand billing determinants of customer established during the overcharge period. The refunds attributable to demand rates must be distributed in cash at the time the level in paragraphs (1)(ii)(A) or (1)(ii)(B) of this section is reached and at the end of the deferral period, if necessary.

(3) *Debiting refund subaccount.* For any amounts disbursed in cash, the pipeline must debit the refund subaccount of Account No. 191. If there is a balance of refunds, revenue credits, and associated carrying charges remaining in the refund subaccount at the end of a deferral period, the pipeline must either:

(i) If the balance is a credit balance, disburse the amounts in cash in the manner described in paragraphs (i)(2)(i) or (i)(2)(ii) of this section; or

(ii) If the balance is a debit balance or the pipeline elects not to make a cash disbursement under paragraph (i)(3)(i) of this section, transfer the amounts to the current deferral subaccount balance determined under paragraphs (e) and (g) of this section.

(4) *Refund report.* When a pipeline files its annual PGA filing, the pipeline must also file a report with the Commission showing all computations of the refunds, revenue credits, and associated carrying charges disbursed in cash during the applicable deferral period.

(j) *Exchange transactions and transportation imbalances*—(1) *General rule.* If a pipeline elects a unit-of-sales methodology, it must assign a cost to its exchange transactions and transportation imbalances by:

(i) Adjusting the purchased quantities for each month of a deferral period by adding the exchange-in quantities for the month and subtracting the exchange-out quantities for the month; and

(ii) Adjusting the purchased gas costs for each month of a deferral period by adding the costs assigned to the month's exchange-in quantities and subtracting the costs assigned to the month's exchange-out quantities.

(2) *Assigning costs.* For purposes of assigning costs to the monthly exchange-in or exchange-out quantities, a pipeline must use the weighted average cost of gas (WACOG) for the monthly cost of gas purchased, as that term is defined in § 154.302(j), exclusive of gas costs described in § 154.302(j) (7) and (11), and adjustments for withdrawals from and injections into storage.

(3) *Adjustment.* The pipeline must use the first exchange-out quantities or exchange-in quantities of the current month to offset any net exchange imbalance that occurred in a prior month. If the cumulative imbalance at the end of the month was a net exchange-in, the pipeline must balance the net exchange-in with the first exchange-out quantities given by the pipeline. If the cumulative imbalance at the end of the month was a net exchange-out, the pipeline must balance the net exchange-out with the first exchange-in quantities received by the pipeline. The rate for valuing the current month's balancing quantities will be equal to the WACOG of the prior month. If the pipeline is unable to offset the prior month's exchange imbalances with a current month's exchange quantities, it must carry the imbalance forward through the deferral period until balancing occurs. Until balancing is achieved, the rate for valuing each month's balancing quantities will be the WACOG of the month when the imbalance occurred. The pipeline must assign the current month's WACOG to any quantities not used to offset a prior month's exchange imbalance.

[Order 483, 52 FR 43880, Nov. 17, 1987, as amended by Order 483-A, 53 FR 7502, Mar. 9, 1988; 53 FR 11992, Apr. 12, 1988]

### § 154.306 Assessment of past performance.

(a) *General rule.* (1) Prior Commission approval is required before a pipeline may recover through a surcharge (surcharge recovery) its actual purchased gas costs (determined in paragraph (d) of this section) that exceed its computed projected purchased gas costs (determined in paragraph (e) of this section) for each test interval (described in paragraph (b) of this section) by three percent.

(2) A pipeline determines the amount of gas costs which requires specific Commission approval for surcharge recovery under paragraph (c) of this section.

(3) If the Commission denies a pipeline recovery of any underrecovered purchased gas costs as a result of this section, then the amounts denied recovery must be credited to Account No. 191 and charged to Account No. 426.5, "Other Deductions" of the Uniform System of Accounts in Part 201 of this chapter.

(b) *Test intervals.* The pipeline must divide the deferral period into four test intervals. The first test interval is the first four months of the deferral period. The second test interval is the three months following the first interval. The third interval is the three months following the second interval. The fourth interval is the remaining two months of the deferral period.

(c) *Gas costs requiring specific approval for surcharge recovery.* The amount of gas cost which requires specific approval by the Commission for surcharge recovery is the difference obtained by subtracting Y from X, if greater than zero, where:

X = The actual cost of gas purchased in a test interval determined in paragraph (d) of this section; and

Y = The test amount determined by multiplying the computed projected gas costs, determined in paragraph (e) of this section, by 1.03.

(d) *Actual cost of gas purchased.* The actual cost of gas purchased is the monthly amounts determined in § 154.305(g)(1) for the gas purchased in the test interval:

(1) Less adjustments for exchange transactions and transportation imbalances;

(2) Including only the gas cost components that were used to compute the projected average cost of gas that is compared in a test interval; and

(3) Excluding any demand costs permitted to be passed through a pipeline's two-part rates on an as-bille basis under § 154.305(b) (2) and (3).

(e) *Computed projected cost of gas.* pipeline must calculate its compute projected gas costs by multiplying:

(1) The quantities of natural ga purchased and/or received during PGA effective period within a test interval by

(2) A projected average rate derive by dividing the projected purchase cost of gas used to calculate a curre adjustment for a PGA effective perio by the related quantities of natur gas the pipeline projects to purcha during a PGA effective period.

[Order 483, 52 FR 43880, Nov. 17, 1987, amended by Order 483-A, 53 FR 7503, Ma 9, 1988; 53 FR 13254, Apr. 22, 1988]

### § 154.307 [Reserved]

### § 154.308 Quarterly PGA filing.

(a) *Filing requirements.* The quarte ly filing must be filed with the Com mission and posted under § 154.16 least 30 days before a pipeline's pr posed quarterly effective date, esta lished under § 154.304(c). At the sam time, the pipeline must serve its jur dictional customers and interest state commissions with a copy of quarterly filing. The copy of the fili served on the jurisdictional custome and interested state commissions m be in the hardcopy format set forth Exhibit C of the FERC Form No. 5 PGA, unless otherwise agreed to the jurisdictional customers and int ested state commissions.

(b) *Contents of the filing.* The pi line must file:

(1) Tariff sheets that conform both the format specified § 154.33(d) of this chapter and the lowing format:

NOTICE OF PURCHASED GAS COST ADJUSTMENT RATE CHANGE

| Rate schedule | Base tariff rate ¹ | Current adjustment | Cumulative adjustment | Surcharge adjustment | GRI adjustment | Other adjustment | Ta |
|---|---|---|---|---|---|---|---|
| | | | | | | | |

¹ Estimated average cost of gas in last scheduled PGA, $X.XX Current estimated average cost of ga PGA (rate currently being charged), $X.XX.

[1] The base tariff rate is the effective rate on file with the Commission, excluding adjustments approved by the Commission.

(2) A report containing detailed computations which clearly show the derivation of the current adjustment to be applied to a pipeline's effective rates. The format in which this report must be submitted and the information that the report must contain are set forth in FERC Form No. 542-PGA, Purchased Gas Adjustment (PGA) Filing, available at the Energy Information Administration, Department of Energy, 1000 Independence Avenue SW., Washington, DC 20585.

(c) *Current adjustment.* A pipeline must compute a current adjustment for the quarterly filing in the manner described in § 154.305(c). A pipeline must not make an adjustment to the surcharge rate in effect until the pipeline's next scheduled annual PGA filing.

(d) *Challenges to quarterly filing.* Objections to a pipeline's purchasing practices reflected in a quarterly PGA filing will not be considered by the Commission at the time of the quarterly filing and must be raised at the time of the pipeline's next scheduled annual PGA filing. Mathematical, typographical, or accounting errors that affect the correct computation of a current adjustment in a quarterly PGA filing may be challenged when a pipeline files the quarterly filing.

**§ 154.309 Interim adjustment filings.**

(a) *General rule.* A pipeline may elect a PGA clause under § 154.303 that allows it to file interim adjustments to its base tariff rate(s) in addition to annual and quarterly PGA filings under §§ 154.305 and 154.308, subject to the conditions specified in this section.

(b) *Interim adjustment rate change.* (1) A pipeline must only file an interim rate adjustment based on a projected average cost of purchased gas that is less than the projected average cost of gas reflected in its last scheduled PGA filing. An interim adjustment rate change must only reflect known and measurable changes to the cost of gas established in a pipeline's last scheduled PGA filing.

(2) Known and measurable changes to the cost of gas as used in this section are those changes in costs that a pipeline has a reasonable basis for assuming will actually occur.

(c) *Filing and notice requirements.* (1) A pipeline must file an interim adjustment with the Commission and post it as required by § 154.16 at least 24 hours before the effective date of the proposed interim adjustment. At the same time the pipeline files with the Commission, it must serve its jurisdictional customers and interested state commissions with a copy of the filing.

(2) The pipeline must file:

(i) Tariff sheets that conform to both the format specified in § 154.33(d) and the following format:

NOTICE OF PURCHASED GAS COST ADJUSTMENT RATE CHANGE

| Rate schedule | Base tariff rate [1] | Current adjustment | Cumulative adjustment | Surcharge adjustment | GRI adjustment | Other adjustment | Total |
|---|---|---|---|---|---|---|---|
| | | | | | | | |

Estimated average cost of gas in last scheduled PGA: $X.XX Current estimated average cost of gas in int PGA (rate currently being charged): $X.XX

[1] The base tariff rate is the effective rate on file with the Commission, excluding adjustments approved by the Commission.

(ii) A summary sheet showing the changes in purchased gas cost reflected in the interim adjustment. A format for the summary sheet is shown in FERC Form No. 542-PGA, Purchased Gas Adjustment (PGA)

Filing, available at the Energy Information Administration (EIA), Department of Energy, 1000 Independence Avenue SW, Washington, DC 20585. The summary sheet must contain sufficient detail to clearly show the derivation of the interim adjustment to be applied to the pipeline's existing rates.

(d) *Challenges to interim adjustment filing.* Objections to a pipeline's purchasing practices reflected in an interim adjustment filing will not be considered by the Commission at the time of the interim adjustment filing and must be raised at the time of the pipeline's next scheduled annual PGA filing. Mathematical, typographical, or accounting errors that affect the correct computation of a rate adjustment in an interim adjustment filing may be challenged when a pipeline files the interim adjustment.

### § 154.310 Transition rules.

(a) *Filing requirement.* (1) On May 1, 1988, a pipeline must file tariff sheets pursuant to § 154.303 to be effective June 1, 1988.

(2)(i) If a pipeline elects to use a PGA clause, a pipeline must file tariff sheets in the format specified in paragraph (a)(2)(ii) of this section on May 1, 1988, to be effective on June 1, 1988.

(ii) A pipeline must file tariff sheets in the format specified in paragraphs (a)(2)(iii) and (a)(2)(iv) of this section that contain:

(A) An initial current adjustment rate computed under paragraph (b) of this section, and

(B) A surcharge rate adjustment described in paragraph (c) of this section.

(iii) If June 1, 1988, is also the pipeline's scheduled annual or quarterly PGA effective date under § 154.304, the tariff sheet format must conform to the annual or quarterly PGA format specified in §§ 154.305 or 154.308. The pipeline must submit a detailed report in the format and with the information set forth in the FERC Form No. 542-PGA for the annual or quarterly PGA.

(iv) If June 1, 1988, is not a pipeline's scheduled annual or quarterly PGA effective date under § 154.304, the tariff sheet format must conform to the quarterly PGA format specified in § 154.308. The pipeline must also submit a detailed report in the format and with the information set forth in the FERC Form No. 542-PGA for the quarterly PGA.

(b) *Initial current adjustment rate.* (1)(i) If a pipeline's annual PGA effective date is June 1, 1988, the pipeline must file an initial current adjustment rate as computed in accordance with § 154.302 (m) or (n) and § 154.305 (b) and (c), on May 1, 1988.

(ii) If a pipeline's quarterly PGA effective date is June 1, 1988, the pipeline must file an initial current adjustment rate in accordance with § 154.302 (m) or (n) and § 54.305 (b) and (c) of this part, on May 1, 1988.

(iii)(A) If a pipeline's annual or quarterly PGA effective date is not June 1, 1988, the pipeline must compute, for the appropriate time period, an initial current adjustment rate in accordance with § 154.302 (m) or (n) and § 154.305 (b) and (c) of this part, to be filed on May 1, 1988.

(B) This rate is to remain in effect only until the pipeline files a quarterly or annual PGA rate, whichever is first.

(iv) If a pipeline files an interim adjustment rate, described in § 154.309, before it files a quarterly or annual PGA filing, the projected average cost of gas in the interim adjustment rate must be less than the projected average cost of gas used to compute the initial current adjustment described in paragraph (b)(1)(iii) of this section.

(c) *Surcharge rate adjustment*—(1) *Definitions.* For purposes of paragraph (c):

(i) "New surcharge rate amortization period" means the effective period for a new surcharge rate filed under paragraph (c)(3)(i) of this section;

(ii) "Existing surcharge rate amortization period" means the effective period for the surcharge rate included as a part of a pipeline's last PGA filing before June 1, 1988.

(2) *General rule.* Thirty days before the end of either a new surcharge rate amortization period under paragraph (c)(3)(i) of this section or an existing surcharge rate amortization period a pipeline must file a tariff sheet to be effective when the surcharge rate amortization period ends to remain

either the new or existing surcharge rate from its tariff.

(3) *New surcharge rate effective on June 1, 1988*—(i) *New surcharge rate.* If a pipeline's existing surcharge rate amortization period ends on the day before June 1, 1988, the pipeline must file a new surcharge rate to be effective on June 1, 1988, under the procedures of paragraph (a)(2)(ii) of this section.

(ii) *Subsequent surcharge rates.* A subsequent surcharge rate will be filed:

(A) With a pipeline's second annual PGA filing if its first annual PGA filing effective date, described in § 154.304, is on June 1, 1988, and if the pipeline files its new surcharge rate in accordance with (c)(3)(i) of this paragaph.

(B) With a pipeline's first annual PGA filing if its first annual PGA effective date, described in § 154.304, is after the end of the new surcharge rate amortization period.

(C) With a pipeline's second annual PGA filing if its first annual PGA effective date, described in § 154.304, is during the new surcharge rate amortization period.

(4) *Existing surcharge continues beyond June 1, 1988*—(i) *Existing surcharge rate.* If a pipeline's existing surcharge rate amortization period ends after June 1, 1988, the pipeline must file and continue the existing surcharge rate under the procedures of paragraph (a)(2)(ii) of this section.

(ii) *Subsequent surcharge rates.* A subsequent surcharge rate will be filed:

(A) Thirty (30) days before the end of the existing surcharge rate amortization period, to be effective on the day after the end of the existing surcharge rate amortization period if a pipeline's first annual PGA filing effective date, as described in § 154.304, is during the existing surcharge rate amortization period. The pipeline must file its next surcharge rate with its second annual PGA filing.

(B) With a pipeline's first annual PGA filing if its first annual PGA effective date, described in § 154.304 of this part, is after the end of the existing surcharge rate amortization period.

(5) *Length of surcharge rate amortization period.* (i) The period of time a pipeline accumulates deferrals (the deferral period) for the surcharge rate amortization periods under paragraphs (c)(3)(i) and (c)(4)(ii)(A) of this section will end three months before that surcharge rate amortization period's effective date.

(ii) The deferral period for all surcharge rates not defined in paragraph (c)(5)(i) of this section will end four months before that surcharge rate amortization period's effective date.

(iii) Subject to paragraph (c)(6) of this section, the new surcharge rate amortization period will remain in effect for the same length of time as the appropriate deferral period defined in paragraphs (c)(5)(i) and (c)(5)(ii) of this section.

(6) *Limitation on surcharge rate amortization period.* (i) No surcharge rate amortization period can exceed a period of twelve months.

(ii) Beginning with each pipeline's second annual PGA filing the surcharge rate amortization period will be 12 months.

(7) *Determining the surcharge rate.* A pipeline must divide the dollar amount of deferrals accumulated in the current subaccount(s) of Account No. 191 in the deferral periods defined in paragraphs (c)(5)(i) and (c)(5)(ii) of this section by the projected sales quantities of natural gas in the appropriate surcharge rate amortization period.

(d) *Transition rule for electing unit-of-sales or unit-of-purchase methodology.* (1) Except as provided in paragraph (d)(2) of this section, the tariff sheets a pipeline files under paragraph (a)(1) of this section must maintain the unit-of-purchase or unit-of-sales methodolgy used by the pipeline before May 1, 1988, to compute a current adjustment and monthly deferrals to Account No. 191.

(2) When a pipeline files its first request for a rate change under § 154.63 after June 1, 1988, it must include with the filing:

(i) A restated average cost of purchased gas in its base tariff rates computed using either the unit-of-purchase methodology specified in § 154.302(m) or the unit-of-sales methodology specified in § 154.302(n) elected by the pipeline pursuant to § 154.303(c)(2)(ii), and

(ii) Revised tariff sheets to amend its PGA clause which indicate that the pipeline has elected to use either the unit-of-purchase or unit-of-sales methodology and which state that the pipeline will use the same methodology elected for computing both the current adjustment under the procedures specified in § 154.302(m) or § 154.302(n), and for determining the monthly deferrals to Account No. 191 under the procedures specified in § 154.305(b)(1).

## PART 155—CONTRACTS AND RATE SCHEDULES FOR DIRECT INDUSTRIAL SALES

Authority: Secs. 10, 16, 52 Stat. 826, 830; 15 U.S.C. 717i, 717o.

### § 155.1 Contracts and rate schedules for direct industrial sales.

(a) Every natural gas company shall furnish to the Commission two full and complete copies of every contract and every amendment thereto, presently or hereafter effective, for the direct sale of natural gas to industrial consumers for consumption where such contract involves the sale of 50,000 Mcf or more per year, together with all rate schedules, agreements, leases, writings or other understandings, services and rules, and regulations relative to such sale. Such submittals shall include the docket number(s) of the certificate proceeding(s) in which the transportation and delivery were authorized for the particular sale and shall be made within 60 days after issuance of the certificate, or execution of the contract or amendment thereto, whichever occurs later. When any contract now on file or hereafter furnished is renewed or extended on identical terms except as to the period during which it is to be in effect, the natural gas company may, in lieu of furnishing copies of such renewal or extension agreement, within 60 days, notify the Commission of such renewal or extension by letter, in duplicate, stating the date of the renewal or extension agreement and the period during which it is to be in effect.

(b) On or before September 1, 1965, every natural gas company shall furnish to the Commission a list, in duplicate, of every contract theretofore tendered to the Commission pursuant to this Part 155, which is effective as of the date of submittal of the list. Such list shall include the docket number(s) of the certificate proceeding(s) in which the transportation and delivery were authorized for the particular sale, the name of the buyer thereunder and date of the contract. When any of the listed contracts, or any contract subsequently tendered to the Commission pursuant to this Part 155 is canceled or terminated by its own terms (whether superseded by a new contract or not), the natural gas company shall so advise the Commission within 60 days of such cancellation or termination by letter, in duplicate, identifying the contract being canceled or terminated and the date of such cancellation or termination.

(c) Every natural gas company shall furnish to the Commission, in duplicate, by May 1 of each year, a list of all direct industrial sale customers using 3,000 Mcf or more during any of the 12 months ended with the preceding calendar year, but less than 50,000 Mcf during the 12 months ended with the preceding calendar year, showing the docket number(s) of the proceeding(s) authorizing the transportation of natural gas and facilities, if any, necessary for each particular sale, name, and location of purchaser, type of service such as firm or interruptible, and the maximum monthly use during the 12 months ended with the preceding calendar year.

[Order 300, 30 FR 8332, June 30, 1965; 3
FR 12451, Sept. 30, 1965]

## PART 156—APPLICATIONS FOR ORDERS UNDER SECTION 7(a) OF THE NATURAL GAS ACT

Sec.
156.1 Who may apply.
156.2 Purpose and intent of rules.
156.3 Applications; number of copies; ge
eral requirements.

Sec.
156.4 Form of exhibits to be attached to applications.
156.5 Exhibits.
156.6 Acceptance for filing or rejection of application.
156.7 Service of application.
156.8 Notice of application.
156.9 Protests and interventions.
156.10 Hearings.
156.11 Dismissal of application.

AUTHORITY: 52 Stat. 824, 829, 830; 56 Stat. 83, 84; 15 U.S.C. 717f, 717f(a), 717n, 717o.

SOURCE: Order 234, 26 FR 4848, June 1, 1961, unless otherwise noted.

### § 156.1 Who may apply.

Any person or municipality as defined in section 2 of the Natural Gas Act engaged or legally authorized to engage in the local distribution of natural or artificial gas to the public may file with the Commission an application pursuant to the provisions of section 7(a) of the Natural Gas Act for an order of the Commission directing a natural gas company to extend or improve its transportation facilities, to establish physical connection of its transportation facilities with the facilities of, and sell natural gas to such person or municipality, and for such purpose to extend its transportation facilities to communities immediately adjacent to such facilities or to territory served by such natural gas company.

### § 156.2 Purpose and intent of rules.

(a) Applications filed pursuant to the provisions of section 7(a) of the Natural Gas Act shall contain all information necessary to advise the Commission fully concerning the applicant, the service which applicant requests the Commission to direct the natural gas company to render together with a description of any improvement or extension of facilities which the natural gas company would be required to make in connection with the rendition of the service, applicant's present and proposed operations, construction, service, and sales together with a description of any extension or improvement of facilities by applicant which would be required to enable applicant to engage in the local distribution of natural gas.

(b) Every requirement of this part shall be considered as an obligation upon the applicant which can be avoided only by a definite and positive showing that the information or data required by the applicable section of the regulations is not necessary to the consideration and ultimate determination of the application.

(c) This part will be strictly applied to all applications as submitted and the burden of adequate presentation in understandable form as well as justification for omitted data or information rests with the applicant.

(d) Under this part, the natural gas company from which applicant is seeking the service is a party respondent to the proceeding.

### § 156.3 Applications; number of copies; general requirements.

(a) *Applicable rules.* An original and 7 conformed copies of an application under this part shall be filed with the Commission. The Commission reserves the right to request additional copies. In all other respects applications shall conform to the requirements of §§ 156.1 through 156.5. Amendments to or withdrawals of applications shall be filed in accordance with the requirements of §§ 385.213 and 385.214 of this chapter.

(b) *General content of application; filing fee.* Except as provided in paragraph (d) of this section, each application shall be accompanied by the fee prescribed in Part 159 of this subchapter and shall set forth the following information:

(1) The exact legal name of the applicant; the name of the natural gas company (respondent) from which applicant is seeking an extension or improvement of transportation facilities, physical connection of facilities or service of natural gas together with a concise description of the extension, improvement, physical connection of facilities or service sought from such company including the estimated volumes of natural gas involved to meet annual and maximum day requirements for the estimated first three years of proposed operation.

(2) Applicant's principal place of business; whether applicant is an indi-

best copy available

vidual, corporation or municipality as defined in section 2 of the Natural Gas Act; State under the laws of which applicant is incorporated, organized or authorized; and the name, title, and mailing address of the person or persons to whom communications concerning the application are to be addressed.

(3) The facts relied upon by applicant to show that the proposed extension or improvement of transportation facilities, physical connection of facilities or service and sale of natural gas are necessary or desirable in the public interest.

(4) A concise description of applicant's operations, if any, at the time the application is filed.

(5) A concise description of applicant's proposed operations, construction, service and sales together with a description of any extension or improvement of facilities by applicant which would be required to enable applicant to engage in the local distribution of natural gas and including the proposed dates for the beginning and completion of construction and commencement of operations.

(6) A full statement concerning and description of any certificate of public convenience and necessity, franchise or other authorization which applicant has applied for or received from any State commission or municipality covering its proposed operations.

(7) A full statement as to whether any other application must be or is to be filed by applicant with any other Federal or State body, or other political subdivision or agency of a State to enable applicant to engage in the local distribution of natural gas in the territory it proposes to serve.

(8) Each application shall contain a table of contents which shall list all exhibits and documents filed in compliance with §§ 156.1 through 156.2, as well as other documents and exhibits filed therewith, identifying them by their appropriate titles and alphabetical letter designations specified in § 156.5. The alphabetical designation specified in § 156.5 must be adhered to strictly and any additional exhibits submitted on applicant's own volition, pursuant to § 156.5(b) shall be designated in sequence under the letter designation Z (Z1, Z2, Z3, etc.). Together with each exhibit applicant shall set forth a full and complete explanation of the data submitted, the manner in which it was obtained, and the reasons for the conclusions which are derived therefrom.

(c) *Incorporation by reference.* Any information required by this part which is already on file with the Commission may be incorporated by reference.

(d) *Small distributors.* A distributor requesting natural gas service of less than 2000 Mcf per day to serve a single community may file the information required by the form of application represented in § 250.6 of this chapter.

[Order 234, 26 FR 4848, June 1, 1961, as amended by Order 280, 29 FR 4875, Apr. 7, 1964; Order 317, 31 FR 432, Jan. 13, 1966; Order 225, 47 FR 19057, May 3, 1982]

### § 156.4 Form of exhibits to be attached to applications.

(a) *General requirements.* Each exhibit shall contain a title page showing applicant's name, Docket No. CP- ——— (number designation to be left blank), title of exhibit, and if exhibit consists of 10 or more pages a table of contents citing by page, section number or subdivision the component elements or matters contained therein.

(b) *Measurement base.* All gas volumes shall be stated upon a uniform basis of measurement, and, in addition, if the uniform basis of measurement used in any application is other than 14.73 p.s.i.a., then the volume or volumes of natural gas to be received from any source and delivered by applicant shall also be stated upon a basis of 14.73 p.s.i.a. Similarly, total volumes on all summary sheets, as well as grand totals of volumes in any exhibit, shall also be stated upon a basis of 14.73 p.s.i.a. if the basis of measurement used is other than 14.73 p.s.i.a.

### § 156.5 Exhibits.

(a) *Exhibits to be submitted with application.* All of the following exhibits shall be submitted with the application when tendered for filing. Such exhibits may be attached to the applica tion or furnished in a separate volume or separate volumes designated "Exhibits to Application." Such separate volume or volumes shall indicate on the cover thereof applicant's name and bear Docket No. CP- —— (number designation to be left blank).

(1) *Exhibit A—Articles of incorporation and bylaws.* If applicant is not an individual, a conformed copy of its articles of incorporation and bylaws, or other similar documents. One certified copy shall be submitted with the original application.

(2) *Exhibit B—State and local authorizations.* (i) A copy of any certificate of public convenience and necessity or similar authorization which applicant has obtained from the State commission or commissions of each of the States in which applicant engages or proposes to engage in the local distribution of natural gas; (ii) a copy of any franchise or similar authorization which applicant has obtained from each of the municipalities in which applicant engages or proposes to engage in the local distribution of natural gas; and (iii) a copy of any other authorization or form of consent which applicant has obtained from any State, State commission, municipality or from any agency of the Federal government necessary or incidental to applicant's proposal to engage in the local distribution of natural gas. One certified copy of each of the documents specified in paragraphs (a)(2) (i), (ii), and (iii) of this section shall be submitted as exhibits to the original application.

(3) *Exhibit C—Officials.* A list of the names and business addresses of applicant's officers and directors, or similar officials if applicant is not a corporation.

(4) *Exhibit D—Subsidiaries and affiliation.* If applicant or any of its officers or directors, directly or indirectly, owns, controls, or holds with power to vote, 10 percent or more of the outstanding voting securities of any other person or organized group of persons engaged in production, transportation, distribution, or sale of natural gas, or of any person or organized group of persons engaged in the construction or financing of such enterprises or operations, a detailed explanation of each such relationship, including the percentage of voting strength represented by such ownership of securities. If any persons or organized group of persons, directly or indirectly, owns, controls, or holds with power to vote, 10 percent or more of the outstanding voting securities of applicant—give a detailed explanation of each such relationship.

(5) *Exhibit F—Location of facilities.* A geographical map of suitable scale and detail showing all of the transmission facilities proposed to be installed and operated by Applicant between distribution systems of Applicant and the transmission pipeline system of the proposed supplier (respondent), and include:

(i) Location, length, and size of applicant's transmission pipelines.

(ii) Location and size (related horsepower) of applicant's transmission compressor stations.

(iii) Location and designation of each point of connection of applicant's proposed transmission facilities with (*a*) proposed pipeline supplier (respondent) main line industrial customers, gas pipeline or distribution systems, showing towns and communities to be served, and (*b*) gas producing and storage filed, or other sources of supply.

(iv) Location, length and size of facilities required to be installed by the proposed supplier (respondent) necessary for the rendition of service requested by the applicant.

(6) *Exhibit G—Flow diagram showing daily design capacity and reflecting operation with proposed transmission facilities.* A flow diagram showing daily design capacity of all transmission facilities proposed to be installed and operated by applicant between distribution facilities of applicant and the transmission pipeline system of the proposed supplier (respondent) including the following:

(i) Diameter, wall thickness, and length of pipe to be installed.

(ii) For each transmission compressor station, the size, type, and number of compressor units, horsepower required, horsepower to be installed, volume of gas to be used as fuel, suction and discharge pressures, and compression ratio.

(iii) Pressures and volumes of gas at the main line inlet and outlet connections at each compressor station.

(iv) Pressures and volumes of gas at each intake and takeoff point and at the beginning and terminus of all proposed transmission facilities.

(7) *Exhibit G-I—Flow diagram reflecting maximum capabilities.* If Exhibit G does not reflect the maximum deliveries of all transmission facilities, proposed to be installed and operated by applicant between distribution facilities of applicant and the transmission pipeline system of the proposed supplier (respondent), under most favorable operating conditions, without installation of any facilities in addition to those proposed in the application, include an additional diagram or diagrams to depict such maximum capabilities.

(8) *Exhibit G-II—Flow diagram data.* Exhibits G and G-I shall be accompanied by a statement of engineering design data in explanation and support of the diagrams and the proposed project, setting forth:

(i) Assumption, bases, formulae, and methods used in the development and preparation of such diagrams and accompanying data.

(ii) A description of the transmission pipe and fittings to be installed, specifying the diameter, wall thickness, yield point, ultimate tensile strength, method of fabrication, and methods of testing proposed.

(iii) Type, capacity, and location of each natural gas storage field or facility, or other similar plant or facility directly attached to the applicant's transmission system.

(9) *Exhibit H—Total gas supply data.* A statement of the total gas supply committed to, controlled by, or possessed by an applicant which is available to it for the acts and the services proposed, together with:

(i) The estimated total volume of proven reserves in place for each reservoir in each field from which applicant takes natural gas, giving names and location of fields (state, county, or parish).

(ii) The estimated total volumes of proven reserves available to applicant by fee or under lease, segregated by gas fields and reservoirs thereof, giving names and locations of fields (state, county, or parish).

(iii) The names and addresses of persons with whom applicant has gas purchase contracts, the effective dates and remaining terms in years of such contracts.

(iv) A study, showing the daily volumes of natural gas which can and are proposed to be obtained each year from each source of supply.

(v) Estimate of the Btu content of the gas available to or requested by applicant for proposed service.

(vi) A study of each proposed gas storage field showing: Location; geology; original and present reserves for each reservoir; original and present pressure of each reservoir; proposed top and base storage pressures; proposed top and base gas volumes to be stored; a deliverability study, including daily and annual injection and withdrawal rates and pressures; and maximum daily deliverability and maximum storage capacity under the proposed plan of development.

(10) *Exhibit I—Market data.* An estimate by distribution systems of the volumes of gas to be delivered during the year in which proposed service is estimated to begin and during each of the first 3 full years of operation of the proposed facilities, and actual data of like import for each of the 3 years next preceding the filing of the application, together with:

(i) Names and locations of areas to be served, showing the number of residential, commercial, firm industrial, interruptible industrial, residential space heating, commercial space heating, and other types of customers for each distribution system to be served and the names and locations of each firm and interruptible direct industrial customer whose estimated consumption totals 10,000 Mcf or more in any calendar month or 100,000 Mcf or more per year.

(ii) Applicant's total annual and peak day gas requirements by classification of service in paragraph (a)(10)(i) of this section, divided as follows: Gas requirements (*a*) for each distribution area where gas is sold or to be sold by applicant at retail; (*b*) for all main-line direct industrial custom ers and (c) company use and unaccounted-for gas.

(iii) Total past and expected curtailments of service by the applicant in each distribution area proposed to be supplied with gas from the project, all to be listed by the classifications of service as indicated in paragraph (a)(10)(i) of this section.

(iv) Explanation of basic factors used in estimating future requirements, including, for example: Peak day and annual degree day deficiencies, annual load factors of applicant's deliveries to its proposed customers; derivation of numbers of customers proposed to be served; individual consumer peak day and annual consumption factors for each class of consumers, with supporting historical data; forecasted saturation of space heating as related to past experience; and full detail as to all other sources of gas supply available to applicant and to each of its customers, including manufacturing facilities and liquid petroleum gas.

(v) A full description of all facilities, other than transmission facilities, necessary to provide service in the communities to be served.

(vi) A copy of each market survey made within the past 3 years for the markets proposed to be served.

(11) *Exhibit J—Conversion to natural gas.* If it is assumed that proposed customers in new areas or firm and interruptible direct industrial customers whose estimated consumption totals 10,000 Mcf or more in any calendar month or 100,000 Mcf or more in any calendar year will convert from other fuels to natural gas, state the basis for such assumption and include a study showing estimated cost of converting customers' facilities to natural gas. The study should indicate the number of customers of each of the other fuels who applicant anticipates will convert to natural gas and the current cost of fuel to be displaced compared to the cost of natural gas on an equivalent Btu basis.

(12) *Exhibit K—Cost of facilities.* A detailed estimate of total capital cost of the proposed facilities involved in the application, showing cost of construction by operating units such as distribution facilities, compressor stations, transmission pipelines and laterals, measuring and regulating stations, and separately stating the cost of rights-of-way, damages, surveys, materials, labor, engineering and inspection, administrative overhead, fees for legal and other services, allowance for funds used during construction, and contingencies. Detailed estimates of cost of facilities required to be installed by the pipeline supplier shall be separately stated.

(13) *Exhibit L—Financing.* Plans for financing the proposed facilities for which the application is filed, together with:

(i) A detailed description of applicant's outstanding and proposed securities and liabilities, showing amount (face value and number), interest or dividend rate, dates of issue and maturity, voting privileges, and principal terms and conditions applicable to each.

(ii) The manner in which applicant proposes to dispose of securities by private sale, competitive bidding or otherwise; the persons, if known, to whom they will be sold or issued, and evidence that such persons having agreed to purchase the securities, and if not known, the class or classes of such persons.

(iii) A statement showing for each proposed issue, by total amount and by unit, the estimated sale price and estimated net proceeds to the applicant.

(iv) A statement as to the extent to which the applicant will rely on temporary financing in connection with the proposed construction, and statements tending to substantiate the fact that such temporary loans will be made available.

(v) Statement of anticipated cash flow, including provision during the period of construction and the first 3 full years of proposed operation for interest requirements, dividends, and capital retirements.

(vi) Statement showing, over the life of each issue, the annual amount of securities which applicant expects to retire through operation of a sinking fund or other extinguishment of the obligation.

(vii) A balance sheet and income statement (12 months) of most recent date available.

(viii) Comparative pro forma balance sheets and income statements for the period of construction and each of the first 3 full years of operation, giving effect to the proposed construction and proposed financing of the project.

(ix) Any additional data and information upon which applicant proposes to rely in showing the adequacy and availability to it of resources for financing its proposed project.

(14) *Exhibit M—Construction, operation, and management.* A concise statement setting forth arrangements for supervision, management, engineering, accounting, legal, or other similar service to be rendered in connection with the construction or operation of the project if not to be performed by employees of applicant, including reference to any existing or contemplated agreements therefor.

(15) *Exhibit N—Revenues, expenses income.* Applicant shall submit pro forma statements for each of the first 3 full years of operation of all the proposed facilities, showing:

(i) Gas system annual revenues and volumes of natural gas related thereto subdivided by classes of service and further subdivided by sales to direct industrial customers, sales to other utilities (if any), transportation for other gas utilities and other sales.

(ii) Gas system annual operating expenses, cost of gas purchased, depreciation, depletion, taxes, utility income and resulting rate of return on net investment in gas plant, including working capital, or in the case of a municipality applicant similar data and amortization-interest schedule for life of each bond issue related to the proposed project. Cost of gas purchased shall be at the currently effective applicable rate of the pipeline supplier or applicable rate filed by such pipeline supplier, but not effective at date of filing, whichever is the higher.

(iii) The information required by paragraphs (a)(15)(i) and (ii) of this section need not be furnished when the applicant furnishes as a part of its application a pro forma copy of a certificate of convenience and necessity or similar authorization issued to it by the local State commission having jurisdiction over its proposed operations.

(16) *Exhibit P—Rates.* (i) A statement of the rates proposed to be charged for the proposed services to be rendered. Indicate whether rates are subject to regulation by the State or local authorities.

(ii) Identification of the rate schedule of the natural gas company (respondent) under which gas is proposed to be purchased.

(b) *Additional exhibits.* Applicant shall submit additional exhibits necessary to support or clarify its application. Such exhibits shall be identified and designated as provided by § 156.3(b)(8).

(c) *Additional information.* Upon request by the Secretary, prior to or during hearing upon the application, applicant shall submit such additional data, information, exhibits, or other detail as may be specified.

[Order 234, 26 FR 4848, June 1, 1961, as amended by Order 280, 29 FR 4876, Apr. 7, 1964; Order 436, 36 FR 15530, Aug. 17, 1971; Order 225, 47 FR 19057, May 3, 1982]

### § 156.6 Acceptance for filing or rejection of application.

Applications will be docketed when received and the applicant so advised. Any application which does not conform to the requirements of §§ 156.1 through 156.5 will be rejected by the Secretary. All but one copy of a rejected application will be returned. An application which relates to an operation concerning which a prior application has been filed and rejected, shall be docketed as a new application. Such new application shall state the docket number of the prior rejected application.

### § 156.7 Service of application.

After an application has been accepted for filing, the Secretary will cause a copy thereof to be served upon the natural gas company (respondent) against which an order pursuant to section 7(a) of the Natural Gas Act has been requested. The natural gas company shall, within 30 days after the date of service of such application file its answer (an original and 7 conformed copies) to such application in which it shall state whether it has any objection to the grant of the application. If the natural gas company objects to the grant of the relief sought by the application, it shall fully state the grounds and reasons for its objections. The answer shall be verified and shall be signed by an executive of the natural gas company. In the event that the respondent natural gas company fails to file a timely response to the application it shall be deemed to have agreed to the grant thereof.

[Order 302, 30 FR 9302, July 27, 1965, as amended by Order 225, 47 FR 19057, May 3, 1982]

### § 156.8 Notice of application.

Notice of each application filed, except when rejected in accordance with § 156.6, will be published in the FEDERAL REGISTER and copies of such notice mailed to the State affected thereby.

### § 156.9 Protests and interventions.

Notices of applications, as provided by § 156.8 will fix the time within which any person desiring to participate in the proceeding or to file a protest regarding the application, may file a petition to intervene or protest, and within which any interested regulatory agency desiring to intervene may file its notice of intervention. Failure to make timely filing will constitute ground for denial of participation, in the absence of extraordinary circumstances for good cause shown.

### § 156.10 Hearings.

The Commission will schedule each application for public hearing at the earliest possible date giving due consideration of statutory requirements and other matters pending, with notice thereof as provided by § 385.2009 of this chapter: *Provided, however,* That where no protests or petitions to intervene have been received and accepted, the Commission may, after the due date for such protests or petitions to intervene, issue the requested order without hearing.

[Order 234, 26 FR 4848, June 1, 1961, as amended by Order 225, 47 FR 19057, May 3, 1982]

### § 156.11 Dismissal of application.

Except for good cause shown, failure of an applicant to go forward on the date set for hearing and present its full case in support of its application will constitute ground for the summary dismissal of the application and the termination of the proceedings.

# PART 157—APPLICATIONS FOR CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY AND FOR ORDERS PERMITTING AND APPROVING ABANDONMENT UNDER SECTION 7 OF THE NATURAL GAS ACT

## Subpart A—Applications for Certificates of Public Convenience and Necessity and for Orders Permitting and Approving Abandonment Under Section 7 of the Natural Gas Act, as Amended, Concerning Any Operation, Sales, Service, Construction, Extension, Acquisition or Abandonment

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APPENDIX I TO SUBPART F—PROCEDURES FOR COMPLIANCE WITH THE ENDANGERED SPECIES ACT OF 1973 UNDER § 157.206(d)(3)(i)

APPENDIX II TO SUBPART F—PROCEDURES FOR COMPLIANCE WITH THE NATIONAL HISTORIC PRESERVATION ACT OF 1966 UNDER § 157.206(d)(3)(ii)

### Subpart G—Natural Gas Producer Blanket Authorization for Sales and Abandonment

157.301 Blanket certificate authority, pregranted abandonment, and reporting requirements.

AUTHORITY: Natural Gas Act, 15 U.S.C. 717-717w (1982); Department of Energy Organization Act, 42 U.S.C. 7101-7352 (1982); E.O. 12009, 3 CFR 1978 Comp., p. 142; Natural Gas Policy Act of 1978, 15 U.S.C. 3301-3432 (1982).

## Subpart A—Applications for Certificates of Public Convenience and Necessity and for Orders Permitting and Approving Abandonment Under Section 7 of the Natural Gas Act, as Amended, Concerning Any Operation, Sales, Service, Construction, Extension, Acquisition or Abandonment

### § 157.5 Purpose and intent of rules.

(a) Applications under section 7 of the Natural Gas Act shall set forth all information necessary to advise the Commission fully concerning the operation, sales, service, construction, extension, or acquisition for which a certificate is requested or the abandonment for which permission and approval is requested. Some applications may be of such character that an abbreviated application may be justified under the provisions of § 157.7. Applications for permission and approval to abandon pursuant to section 7(b) of the Act shall conform to § 157.18 and to such other requirements of this part as may be pertinent. However, every applicant shall file all pertinent data and information necessary for a full and complete understanding of the proposed project, including its effect upon applicant's present and future operations and whether, and at what docket, applicant has previously applied for authorization to serve any portion of the market contemplated by the proposed project and the nature and disposition of such other project.

(b) Every requirement of this part shall be considered as a forthright obligation of the applicant which can only be avoided by a definite and positive showing that the information or data called for by the applicable rules is not necessary for the consideration and ultimate determination of the application.

(c) This part will be strictly applied to all applications as submitted and the burden of adequate presentation in intelligible form as well as justification for omitted data or information rests with the applicant.

[17 FR 7386, Aug. 14, 1952, as amended by Order 280, 29 FR 4876, Apr. 7, 1964]

### § 157.6 Applications; general requirements.

(a) *Applicable rules*—(1) *Submission required to be furnished by applicant under this subpart.* Applications, amendments thereto, and all exhibits and other submissions required to be furnished by an applicant to the Commission under this subpart must be submitted in an original and 7 conformed copies until October 31, 1989, and thereafter, on electronic media in the manner prescribed in § 385.2011 of this chapter. To the extent that data required under this subpart has been provided to the Commission, this data need not be duplicated. The applicant must, however, include a statement identifying the forms and records containing the required information and when that form or record was submitted. Applicants making an electronic data submission must submit one copy of applications and other submissions on electronic media and paper copies as prescribed in § 385.2011 of this chapter. All submissions in electronic media form must conform in all respects to the requirements listed in § 385.2011 of this chapter.

(2) *Maps and diagrams.* An applicant required to submit a map or diagram under this subpart must submit one paper copy of the map or diagram.

(3) *Waivers of electronic filing requirement.* (i) An applicant may request a partial or full waiver of the requirement that submissions under this subpart be furnished on electronic media. The request for waiver must be filed in accordance with § 385.2011 of this chapter.

(ii) If a request for waiver is granted, the applicant must furnish a submission in the manner specified by the Commission in the decision granting waiver.

(4) *Other requirements.* Applications under section 7 of the Natural Gas Act must conform to the requirements of §§ 157.5 through 157.14 of this chapter. Amendments to or withdrawals of applications must conform to the requirements of §§ 385.213 and 385.214 of this chapter. If the application involves an acquisition of facilities, it must conform to the additional requirements prescribed in §§ 157.15 and 157.16.

(b) *General content of application; filing fee.* Each application filed other than an application for permission and approval to abandon pursuant to section 7(b) shall be accompanied by the fee prescribed in Part 381 of this chapter or a petition for waiver pursuant to § 381.106 of this chapter and shall set forth the following information:

(1) The exact legal name of applicant; its principal place of business; whether an individual, partnership, corporation, or otherwise; State under the laws of which organized or authorized; and the name, title, and mailing address of the person or persons to whom communications concerning the application are to be addressed.

(2) The facts relied upon by applicant to show that the proposed service, sale, operation, construction, extension, or acquisition is or will be required by the present or future public convenience and necessity.

(3) A concise description of applicant's existing operations.

(4) A concise description of the proposed service, sale, operation, construction, extension, or acquisition, including the proposed dates for the beginning and completion of construction, the commencement of operation, and of acquisition, where involved.

(5) A full statement as to whether any other application to supplement or effectuate applicant's proposals must be or is to be filed by applicant, any of applicant's customers, or any

other person, with any other Federal, State, or other regulatory body; and if so, the nature and status of each such application.

(6) A table of contents which shall list all exhibits and documents filed in compliance with §§ 157.5 through 157.18, as well as all other documents and exhibits otherwise filed, identifying them by their appropriate titles and alphabetical letter designations. The alphabetical letter designations specified in §§ 157.14, 157.16, and 157.18 must be strictly adhered to and extra exhibits submitted at the volition of applicant shall be designated in sequence under the letter Z (Z1, Z2, Z3, etc.).

(7) A form of notice suitable for publication in the FEDERAL REGISTER, as contemplated by § 157.9, which will briefly summarize the facts contained in the application in such way as to acquaint the public with its scope and purpose.

(c) *Requests for shortened procedure.* If shortened procedure is desired a request therefor shall be made in conformity with § 385.802 of this chapter and may be included in the application or filed separately.

[17 FR 7386, Aug. 14, 1952, as amended by Order 196, 22 FR 2882, Apr. 24, 1957; Order 217, 24 FR 9474, Nov. 25, 1959; Order 280, 29 FR 4876, Apr. 7, 1964; Order 317, 31 FR 432 Jan. 13, 1966; Order 225, 47 FR 19057, May 3, 1982; Order 433, 50 FR 40345, Oct. 3, 1985; Order 493, 53 FR 15028, Apr. 27, 1988; Order 493-B, 53 FR 49653, Dec. 9, 1988]

## § 157.7 Abbreviated applications.

(a) *General.* When the operations sales, service, construction, extensions, acquisitions or abandonment proposed by an application do not require all the data and information specified by this part to disclose fully the nature and extent of the proposed undertaking, an abbreviated application may be filed in the manner prescribed in § 385.2011 of this chapter, provided it contains all information and supporting data necessary to explain fully the proposed project, its economic justification, its effect upon applicant's present and future operations and upon the public proposed to be served, and is otherwise in conformity with the applicable requirements of this part regarding form, manner of presentation, and filing. Such an application shall (1) state that it is an abbreviated application; (2) specify which of the data and information required by this part are omitted; and (3) relate the facts relied upon to justify separately each such omission.

(b) *Gas supply facilities—budget-type certificates.* Interstate pipeline companies holding budget-type certificates may construct and operate minor, routine gas supply facilities thereunder, subject to the following conditions:

(1)(i) The total cost of the gas supply facilities constructed during any calendar year under the certificate shall not exceed 3 percent of the applicant's gas plant (Account 101, Uniform System of Accounts Prescribed for Natural Gas Companies) or $20 million, whichever is less; except that a company with less than $16⅔ million in its gas plant account may construct facilities having a total cost of up to $500,000.

(ii) The total cost of any single onshore project constructed under the budget-type certificate shall not exceed the lesser of 25 percent of the certificate-holder's total calendar year dollar limit or $2.5 million.

(iii) The cost of any single offshore project constructed under the budget-type certificate shall not exceed the lesser of $3.5 million or the certificate-holder's calendar year dollar limit.

(iv) Notwithstanding paragraph (b)(2)(ii), the single project limit for onshore projects constructed by a certificate-holder having a total calendar year dollar limit of $2 million or less shall be $500,000.

(2) Any company proposing the construction of facilities having a total cost in excess of the amounts specified in § 157.7(b)(1) shall file an application requesting a waiver of its provisions. Such an application will be granted only for good cause shown.

(3)(i) The certificate-holder shall file in the manner prescribed in § 385.2011 of this chapter with the Commission by March 1 of the year following each calendar year during which it has a budget-type certificate in effect a statement, in writing and under oath, for each individual project constructed under the budget-type certificate which contains the following information:

(A) A description of the gas supply facilities installed, including a description of the length and size of pipelines, compressor horsepower, metering facilities, taps, valves, and any other facilities constructed;

(B) The specific location of the gas supply facilities installed;

(C) The actual installed cost of each facility listed pursuant to paragraph (b)(3)(i)(A), separately stating the cost of materials and labor as well as other costs allocable to the facilities;

(D) The estimated gas supply in Mcf at 14.73 psia made available to the applicant by means of the described facilities;

(E) The names of the fields connected;

(F) The specific location of the supply source or well attached if the attachment is for gas owned or produced by the applicant;

(G) The names of the independent producers, other sellers or intrastate pipelines from whom the gas is being purchased or received, together with the respective dates of their gas sales or transportation contracts and any FERC gas rate schedule designations if the facility is to receive gas purchased by the applicant;

(H) A statement clearly reflecting whether the report is for a full calendar year or a partial year if the report is for the certificate-holder's first budget-type certificate year.

(I) The amount of the certificate-holder's gas plant account (Account 101), as well as its computation of its calendar year and single project dollar limits.

(J) The purpose for constructing the facilities, specifically stating if the facilities were constructed for a transaction authorized under section 311 or 312 of the Natural Gas Policy Act and Part 284 of this chapter;

(K) If no construction took place under the certificate, a statement to that effect;

(L) Whether or not it wishes to terminate its budget certificate authority for years thereafter.

(ii) Within 10 days of the commencement of use of any facility necessary to connect gas assigned, sold, of transported pursuant to section 284 self-implementation authority which has costs associated with it of more than the greater of $50,000 or 1 cent per MMBtu, a budget-type certificate holder shall file, in the manner prescribed in § 385.2011 of this chapter, with the Commission notice of such construction. This notice should include the cost of the facilities, the duration of the transaction, and the number of MMBtu of gas being purchased, assigned, or transported during the duration of the transaction. The completion report required by § 157.7(b)(3)(i) shall include the details of that project.

(iii) Completion reports due for partial calendar years shall be filed in the manner prescribed in § 385.2011 of this chapter by March 1st of the following calendar year. The total calendar year dollar limit for construction during such a partial calendar year shall bear the same proportion to the certificate-holder's § 157.7(b)(1)(i) limit as the number of months in the partial calendar year bears to 12.

(4)(i) For purposes of this paragraph, "gas supply facilities" means minor, routine facilities, subject to the Natural Gas Act jurisdiction of this Commission, which are necessary to connect the system of an interstate pipeline company, or the system of another pipeline company authorized to transport gas for or exchange gas with an interstate pipeline company, to natural gas supplies destined for the system supply of an interstate pipeline company.

(ii) Gas supply facilities do not include facilities constructed to effect the purchase of gas from an interstate pipeline's system supply, from plants manufacturing synthetic gas or from plant's gasifying LNG.

(5)(i) A budget-type certificate authorizing the construction of minor, routine gas supply facilities subject to the limits, conditions, and reporting requirements of this chapter will be granted when an abbreviated application is filed in the manner prescribed in § 385.2011 of this chapter.

(ii) Thereafter, the certificate-holder may continue to construct facilities under that budget-type certificate as long as it complies with the definitions, limits, conditions, and reporting requirements set forth in these regulations.

(iii) A budget-type certificate may be revoked by this Commission at any time.

(6) Gas supply facilities must be constructed and reported under the budget-type certificate of the person which will actually construct and operate those facilities.

(7)(i) A completion report due on budget-type certificates issued before December 1, 1979 shall be filed in the manner prescribed in § 385.2011 of this chapter within 60 days of the expiration of the period for which it was granted.

(ii) Applications for certificates under these transitional rules by persons holding budget-type certificates on the effective date of this order shall be made at least 60 days before the lapse of the existing certificate.

(iii) Facilities constructed to connect a certificate-holder's own production may be constructed under existing certificates only if construction is commenced after December 1, 1979.

(iv) Facilities constructed to facilitate transactions authorized under sections 311 and 312 of the Natural Gas Policy Act may be constructed under existing certificates only if construction is commenced after May 18, 1979.

(v) The date of commencement of construction of any facilities constructed under § 157.7(b)(7) (iii) and (iv) under certificates existing on or before the effective date of this rule shall be included in the completion report for that certificate by § 157.7(b)(7)(i).

(c) *Miscellaneous rearrangements of facilities—budget-type application.* An abbreviated application requesting a budget-type certificate authorizing the construction during a given twelve-month period, and operation of gas-sales or transportation facilities may be filed in the manner prescribed in § 385.2011 of this chapter when:

(1) The facilities proposed in the application are to be used for miscellaneous rearrangements not resulting in any change of service rendered by means of the facilities involved, e.g., changes in existing field operation or relocation of existing sales or transportation facilities when required by highway construction, dam construction or other similar reasons.

(2)(i) The total estimated cost of the rearrangement of facilities proposed in the application does not exceed $300,000 except where the applicant's gas plant (Account No. 101, Uniform System of Accounts Prescribed for Natural Gas Companies) is $10,000,00 or less, in which case the total estimated cost of the gas-sales facilities proposed in the application shall not exceed $100,000.

(ii) Any application proposing the construction of facilities having an estimated cost in excess of the amount specified in paragraph (c)(2)(i) of this section shall be accompanied by a request for waiver of the provisions of such subdivision and will be granted only for good cause shown.

(3) The application contains a statement indicating the maximum facilities to be installed during the authorized construction period, including the maximum number of lateral or loop lines to be installed and their maximum length and diameter, the maximum number of taps and meters to be installed, and the estimated cost of facilities for each such type or project.

(4) The applicant agrees to file in the manner prescribed in § 385.2011 of this chapter with the Commission within sixty days after expiration of the authorized construction period, a statement showing for each individual project:

(i) Description of the rearranged facilities installed, e.g., location, mile and size of pipeline (including wal thickness and minimum yield point taps, laterals, lateral loop lines, metering and regulating facilities.

(ii) Actual cost of facilities subdivided by size of pipeline, taps, laterals lateral loop lines, metering and regulating facilities, and appurtenant facilities.

(d) *Underground gas storage facilities—budget-type application.* An abbreviated application requesting budget-type certificate authorizing the construction and operation of natural gas pipeline and compression facilities for the testing and development of underground reservoirs for the possib storage of gas for a three-year period may be filed in the manner prescribed in § 385.2011 of this chapter when:

(1) The volume of natural gas to be injected into the prospective storage fields does not exceed a total of 10,000,000 Mcf, with no more than 2,000,000 Mfc being injected into any single field.

(2) Gas will be injected for testing purposes only during off-peak periods.

(3) No storage field developed pursuant to this section will be utilized to render service without further authorization by the Commission; except that gas may be withdrawn on occasion for testing purposes.

(4)(i) The total expenditures for the three-year period does not exceed $3,000,000 or $1,000,000 for any one-year period. These costs shall include expenditures for leases, wells, pipeline, compressor and related facilities, but shall not include the cost of the gas to be used for testing purposes.

(ii) Any application proposing the construction of facilities having an estimated cost in excess of the amounts specified in paragraph (d)(4)(i) of this section shall be accompanied by a request for waiver of the provisions of such paragraph and will be granted only for good cause shown.

(5) The cost of any project ultimately determined to be infeasible for storage shall be charged to Account No. 822 of Part 201, Underground Storage Exploration and Development Expenses.

(6) Applicant agrees to submit within 60 days after the end of each year of the three-year budget period a statement, under oath, showing for each project:

(i) A description of the facilities constructed and the type of storage reservoir; i.e., gas expansion or dry gas, water-drive or aquifer.

(ii) The location of the facilities.

(iii) The cost of such facilities.

(iv) The monthly volumes of gas injected into and withdrawn from each reservoir.

(v) An estimate of the storage capacity and daily deliverability of each project.

(7) If the reservoir to be tested and developed is an aquifer-type reservoir, applicant agrees to submit for each such project quarterly reports, under oath, containing the following information in addition to the data required by paragraph (d)(6) of this section:

(i) The daily volumes of natural gas injected into and withdrawn from the aquifer during the quarter and the volume of gas in the aquifer at the end of each month.

(ii) The maximum daily injection or withdrawal rate experienced during the quarter and the average working pressure on such maximum days taken at a central measuring point where the total volume injected or withdrawn is measured.

(iii) Results of any tracer program by which leakage of gas may be determined.

(iv) Any pressure surveys of gas wells and water levels in observation wells conducted during the quarter by individual well. Copies of any core analyses, gamma ray, neutron or other electric log surveys and back-pressure tests taken during the quarter.

(v) A map of the storage project showing the location of the wells, the latest revised structure contours, the location and extent of the gas bubble. This map need not be filed if there is no material change from the map previously filed.

(vi) Such other data or reports which may aid the Commission in the evaluation of the project.

(vii) Reports shall continue to be filed quarterly through the three-year period and thereafter until the project is either certificated for regular service or abandoned, unless otherwise ordered by the Commission.

(e) *Direct sales measuring station and related minor facilities-budget-type abandonment application.* An abbreviated application requesting a budget-type authorization permitting the cessation of service and removal of direct sales measuring, regulating, and related minor facilities during a given 12-month period may be filed in the manner prescribed in § 385.2011 of this chapter when:

(1) The deliveries to any one direct sale customer through any one of the sales measuring facilities to be abandoned have not exceeded 100,000 Mcf

annually during the last year of service.

(2) The applicant will not abandon any service unless it has received a written request, or written permission, from the direct sale customer to terminate service. In the event such request or permission cannot be obtained, a statement certifying that the customer has no further need for the service must be filed in the manner prescribed in § 385.2011 of this chapter.

(3) The applicant agrees to file in the manner prescribed in § 385.2011 of this chapter with the Commission, within 60 days after expiration of the authorized abandonment period:

(i) A statement showing for each individual project a description of the facilities abandoned and the docket numbers of the prior proceedings in which the facilities or services abandoned were certificated.

(ii) A statement indicating in each case the reason why the service or facilities were abandoned, together with a copy of the written request or permission, or statement in lieu thereof, for termination of service. In the event a written request or permission cannot be obtained from the customer, applicant shall set forth in his statement a detailed explanation of how the abandonment is in the public interest.

(iii) A statement showing the effect of the abandonment upon any rate schedules or tariffs on file with this Commission.

(iv) A concise description of the changes of property, indicating the cost of property abandoned in place, the cost of property removed and salvaged together with the relevant information required by paragraph (f) of § 157.18.

(v) A geographic map or maps of suitable scale and detail showing the location of the facilities abandoned.

(f) *Applications to include exhibit F-IV.* All applications filed in accordance with paragraphs (b), (c), (d), and (g) of this section shall include and exhibit F-IV as prescribed in § 157.14(a)(6-d).

(g) *Field gas compression facilities—budget-type application.* An abbreviated application requesting budget-type authorization to permit:

(1) Abandonment of field compression and related metering and appurtenant facilities,

(2) Construction of new or additional field compression and related metering and appurtenant facilities, and

(3) Removal and relocation of existing field compression and related metering and appurtenant facilities during a given twelve-month period and operation of said facilities may be filed in the manner prescribed in § 385.2011 of this chapter when:

(i) The proposed construction, relocation, removal, and abandonment will not result in changing applicant's system salable capacity or service from that authorized prior to the date of filing the budget application, but will permit the applicant more effectively to utilize the facilities to take gas into its system from existing sources of supply for use in meeting the requirements of its customers. Existing sources of supply are those gas producing fields, reservoirs, wells, or formations from which applicant was receiving gas at the date of filing the budget application, except those producing fields, reservoirs, wells, or formations used exclusively for making emergency sales under §§ 2.68 and 2.7 of this chapter or §§ 157.22 and 157.2

(ii) The facilities involved in the budget application are those used or to be used to transport natural gas into applicant's interstate system, pursuant to Commission authorization from existing sources of natural gas supply, as defined above, including its own producing fields, or purchases from other producers or sellers or receipts of gas under exchange arrangements in producing fields, onshore or offshore.

(iii) The total cost of constructing the new or additional field compression and related metering and appurtenant facilities and the total out-of-pocket cost of abandoning, removing and relocating existing compression and related metering and appurtenance facilities shall not exceed in aggregate 2 percent of the applicant's gas plant account (Account 101, Uniform System of Accounts Prescribed for Natural Gas Companies) or $3 million, whichever is less, except that an applicant with less than $10 million such gas plant account may spend a total of $500,000 under this authorization. Out-of-pocket costs excludes the original cost of facilities abandoned, removed, or relocated. The cost for any single project to be installed during the authorized period shall not exceed 25 percent of the total budget amount or $500,000, whichever is less.

(iv) The applicant agrees to file in the manner prescribed in § 385.2011 of this chapter with the Commission within 60 days after the expiration of the authorized budget period:

(*a*) A statement showing for each individual project a description of the facilities constructed, removed, relocated and abandoned including the docket numbers of the prior proceedings in which the facilities were certificated permitting attachment of the source of supply to the system or augmenting applicant's ability to take gas from such source of supply.

(*b*) A statement indicating in each case the reason for the construction, relocation, removal or abandonment of the facilities.

(*c*) A concise description for each individual project of the changes in property made under the budget authority indicating the costs of any new or additional construction and all out-of-pocket costs involved in relocating property, abandoning property, removing property and salvaging property, together with the relevant information required by paragraph (f) of § 157.18.

(*d*) A geographical map or maps of suitable scale and detail showing the location of the abandoned facilities, the locations from which facilities were removed, the new location of the relocated facilities and the location of any new or additional facilities constructed pursuant to this budget authority.

(*e*) A statement showing for each individual project, where facilities were abandoned, the names of the independent producers or other sellers from whom the natural gas was purchased or exchanged, together with the respective dates or their gas sales contracts, FPC gas rate schedule designations and related certificate docket numbers.

Existing facilities of the nature cited above may be reclaimed and put into stock or may be taken from stock and put into field operation, as deemed necessary.

(h) *Filing fees.* Each application filed in accordance with paragraphs (b), (c), (d), (e), and (g) of this section other than an application for permission and approval to abandon pursuant to section 7(b) must be accompanied by the fee prescribed in Part 381 of this chapter or a petition for waiver pursuant to § 381.106 of this chapter.

[Order 280, 29 FR 4876, Apr. 7, 1964]

EDITORIAL NOTE: For FEDERAL REGISTER citations affecting § 157.7, see the List of CFR Sections Affected in the Finding Aids section of this volume.

### § 157.8 Acceptance for filing or rejection of applications.

Applications will be docketed when received and the applicant so advised. If an application does not conform to the requirements of this part the Director of the Office of Pipeline and Producer Regulation will notify the applicant of all deficiencies. Deficient applications not amended within 20 days of the notice of deficiency, or such longer period as may be specified in the notice of deficiency, will be rejected by the Director of the Office of Pipeline and Producer Regulation as provided by § 385.2001(b) of this chapter. Copies of a rejected application will be returned. An application which relates to an operation, sale, service, construction, extension, acquisition, or abandonment, concerning which a prior application has been filed and rejected, shall be docketed as a new application. Such new application shall state the docket number of the prior rejected application.

[Order 280, 29 FR 4876, Apr. 7, 1964, as amended at 43 FR 36437, Aug. 17, 1978; Order 225, 47 FR 19057, May 3, 1982]

### § 157.9 Notice of application.

Notice of each application filed, except when rejected in accordance with § 157.8, will be published in the FEDERAL REGISTER and copies of such notice mailed to States affected thereby. Persons desiring to receive a copy of the notice of every application shall so advise the Secretary.

[17 FR 7386, Aug. 14, 1952]

### § 157.10 Interventions and protests.

Notices of applications, as provided by § 157.9, will fix the time within which any person desiring to participate in the proceeding may file a petition to intervene, and within which any interested regulatory agency, as provided by § 385.214 of this chapter, desiring to intervene may file its notice of intervention. Any person filing a petition to intervene or notice of intervention shall state specifically whether he seeks formal hearing on the application. Failure to make timely filing will constitute ground for denial of participation in the absence of extraordinary circumstances for good cause shown. A copy of each application, supplement and amendment thereto, including exhibits required by §§ 157.14, 157.16 and 157.18 which are specifically requested, shall upon request be promptly supplied by the applicant to anyone who has filed a petition for leave to intervene or given notice of intervention. Protests may be filed in accordance with § 385.211 of this chapter within the time permitted by any person who does not seek to participate in the proceeding.

[Order 280, 29 FR 4877, Apr. 7, 1964, as amended by Order 225, 47 FR 19057, May 3, 1982; 48 FR 786, Jan. 7, 1983]

### § 157.11 Hearings.

(a) *General.* The Commission will schedule each application for public hearing at the earliest date possible giving due consideration to statutory requirements and other matters pending, with notice thereof as provided by § 1.19(b) of this chapter: *Provided, however,* That when an application is filed less than fifteen days prior to the commencement of a hearing theretofore ordered on a pending application and seeks authority to serve some or all of the markets sought in such pending application or is otherwise competitive with such pending application, the Commission will not schedule the new application for hearing until it has rendered its final decision on such pending application, except when, on its own motion, or on appropriate application, it finds that the public interest requires otherwise.

(b) *Shortened procedure.* If no protest or petition to intervene raises an issue of substance, the Commission may upon request of the applicant dispose of an application in accordance with the provisions of § 385.802 of this chapter.

[17 FR 7386, Aug. 14, 1952, as amended by Order 225, 47 FR 19057, May 3, 1982]

### § 157.12 Dismissal of application.

Except for good cause shown, failure of an applicant to go forward on the date set for hearing and present its full case in support of its application will constitute ground for the summary dismissal of the application and the termination of the proceedings.

[17 FR 7386, Aug. 14, 1952]

### § 157.13 Form of exhibits to be attached to applications.

Each exhibit attached to an application must conform to the following requirements:

(a) *General requirements.* Each exhibit must be submitted in the manner prescribed in §§ 157.6(a) and 385.2011 of this chapter and contain a title page showing applicant's name, docket number (to be left blank), title of the exhibit, the proper letter designation of the exhibit, and, if of 10 or more pages, a table of contents, citing by page, section number or subdivision the component elements or matters therein contained.

(b) *Reference to annual reports and previous applications.* An application may refer to annual reports and previous applications filed with the Commission and shall specify the exact pages or exhibit numbers of the filing to which reference is made, including the page numbers in any exhibit to which reference is made. When reference is made to a previous application the docket number shall be stated. No part of a rejected application may be incorporated by reference.

(c) *Interdependent applications.* When an application considered alone is incomplete and depends vitally upon information in another application, it will not be accepted for filing until the supporting application has been filed. When applications are interdependent, they shall be filed concurrently.

(d) *Measurement base.* All gas volumes, including gas purchased from producers, shall be stated upon a uniform basis of measurement, and, in addition, if the uniform basis of measurement used in any application is other than 14.73 p.s.i.a., then any volume or volumes delivered to or received from any interstate natural-gas pipeline company shall also be stated upon a basis of 14.73 p.s.i.a.; similarly, total volumes on all summary sheets, as well as grand totals of volumes in any exhibit, shall also be stated upon a basis of 14.73 p.s.i.a. if the uniform basis of measurement used is other than 14.73 p.s.i.a.

[17 FR 7387, Aug. 14, 1952, as amended by Order 185, 21 FR 1486, Mar. 8, 1956; Order 280, 29 FR 4877, Apr. 7, 1964; Order 493, 53 FR 15029, Apr. 27, 1988]

### § 157.14 Exhibits.

(a) *To be attached to each application.* All exhibits specified must accompany each application when tendered for filing. Together with each exhibit applicant must provide a full and complete explanation of the data submitted, the manner in which it was obtained, and the reasons for the conclusions derived from the exhibits. If the Commission determines that a formal hearing upon the application is required or that testimony and hearing exhibits should be filed, the Secretary will promptly notify the applicant that submittal of all exhibits and testimony of all witnesses to be sponsored by the applicant in support of his case-in-chief is required. Submittal of these exhibits and testimony must be within 20 days from the date of the Secretary's notice, or any other time as the Secretary will specifiy. On or after October 31, 1989, exhibits, except Exhibits F, F-1, G, G-I, G-II, and H(iv), must be submitted to the Commission on electronic media as prescribed in § 385.2011 of this chapter. Interveners and persons becoming interveners after the date of the Secretary's notice must be advised by the applicant of the afore-specified exhibits and testimony, and must be furnished with copies upon request.

(1) *Exhibit A—Articles of incorporation and bylaws.* If applicant is not an individual, a conformed copy of its articles of incorporation and bylaws, or other similar documents.

(2) *Exhibit B—State authorization.* For each State where applicant is authorized to do business, a statement showing the date of authorization, the scope of the business applicant is authorized to carry on and all limitations, if any, including expiration dates and renewal obligations. A conformed copy of applicant's authorization to do business in each State affected shall be supplied upon request.

(3) *Exhibit C—Company officials.* A list of the names and business addresses of applicant's officers and directors, or similar officials if applicant is not a corporation.

(4) *Exhibit D—Subsidiaries and affiliation.* If applicant or any of its officers or directors, directly or indirectly, owns, controls, or holds with power to vote, 10 percent or more of the outstanding voting securities of any other person or organized group of persons engaged in production, transportation, distribution, or sale of natural gas, or of any person or organized group of persons engaged in the construction or financing of such enterprises or operations, a detailed explanation of each such relationship, including the percentage of voting strength represented by such ownership of securities. If any person or organized group of persons, directly or indirectly, owns, controls, or holds with power to vote, 10 percent or more of the outstanding voting securities of applicant—a detailed explanation of each such relationship.

(5) *Exhibit E—Other pending applications and filings.* A list of other applications and filings under sections 1, 3, 4 and 7 of the Natural Gas Act filed by the applicant which are pending before the Commission at the time of the filing of an application and which directly and significantly affect the application filed, including an explanation of any material effect the grant or denial of those other applications and filings will have on the application and of any material effect the grant or denial of the application will have on those other applications and filings.

(6) *Exhibit F—Location of facilities.* Unless shown on Exhibit G or elsewhere, a geographical map of suitable scale and detail showing, and appropriately differentiating between all of the facilities proposed to be constructed, acquired or abandoned and existing facilities of applicant, the operation or capacity of which will be directly affected by the proposed facilities or the facilities proposed to be abandoned. This map, or an additional map, shall clearly show the relationship of the new facilities to the applicant's overall system and shall include:

(i) Location, length, and size of pipelines.

(ii) Location and size (rated horsepower) of compressor stations.

(iii) Location and designation of each point of connection of existing and proposed facilities with (*a*) mainline industrial customers, gas pipeline or distribution systems, showing towns and communities served and to be served at wholesale and retail, and (*b*) gas-producing and storage fields, or other sources of gas supply.

(6-a) *Exhibit F-1—Factors considered in use of joint rights-of-way.* (i) Unless shown on Exhibit F, Exhibit G, or elsewhere, applicant shall submit, for areas where construction will not be on applicant's currently used rights-of-way or immediately adjacent thereto, a map or diagram of all facilities proposed to be constructed showing existing rights-of-way belonging either to applicant or to others such as pipelines, electric powerlines, highways, and railroads which could practically be used.

(ii) In addition to such map or diagram applicant shall submit a brief statement explaining which of such rights-of-way it intends to use or consider using.

(iii) The statement may indicate that, while applicant intends to use the proposed right-of-way at the date of filing of the application or amendment or supplement thereto, it is understood that the actual construction of the proposed facility may require routing deviations because of unanticipated obstacles or difficulties.

(iv) Applicant will not be required to submit revisions to Exhibit F-1 unless requested by the Commission or unless the routing of the pipeline is substantially revised by applicant prior to beginning of construction.

(6-b) *Exhibit F-II—Factors considered in locating facilities in scenic, historic, recreational or wildlife areas.* Where a proposed facility will or may be located in or routed through any of the national historic places listed in the National Register of Historic Places maintained by the Secretary of the Interior, natural landmarks listed in the National Register of Natural Landmarks maintained by the Secretary of the Interior or through any park, scenic, wildlife, or recreational areas, officially designated by duly constituted public authorities, and where such facility may have a significant effect on the scenic, historic, wildlife or recreational values of such areas, applicant shall state the reason for such location and shall list Federal, State and local agencies having jurisdiction which have been or will be consulted prior to construction.

(6-c) *Exhibit F-III—Statement on adoption of guidelines concerning right-of-way and construction activities.* A statement that the guidelines set forth in § 2.69 of this chapter have been adopted by the applicant, that the relevant portions thereof have been or will be issued to construction personnel of applicant, and as to what appropriate instructions will be issued to contractors and others involved in implementation of the guidelines.

(6-d) *Exhibit F-IV.* Exhibit F-IV–Statement by the Applicant Concerning the Requirements of the National Environmental Policy Act of 1969, Pub. L. 91-190, 83 Stat. 852, title I, section 102. All applications governed by § 157.7 (b), (c), (d), and (g) shall include a brief statement concerning the following factors:

(i) The environmental impact of the proposed actions,

(ii) Any adverse environmental effects which cannot be avoided should the proposal be implemented,

(iii) Alternatives to the proposed action,

(iv) The relationship between local short-term uses of man's environment and the maintenance and enhancement of long-term productivity, and

(v) Any irreversible and irretrievable commitments of resources which would be involved in the proposed action should it be implemented.

(7) *Exhibit G—Flow diagrams showing daily design capacity and reflecting operation with and without proposed facilities added.* A flow diagram showing daily design capacity and reflecting operating conditions with only existing facilities in operation. A second flow diagram showing daily design capacity and reflecting operating conditions with both proposed and existing facilities in operation. Both flow diagrams shall include the following for the portion of the system affected:

(i) Diameter, wall thickness, and length of pipe installed and proposed to be installed and the diameter and wall thickness of the installed pipe to which connection is proposed.

(ii) For each proposed new compressor station and existing station, the size, type and number of compressor units, horsepower required, horsepower installed and proposed to be installed, volume of gas to be used as fuel, suction and discharge pressures, and compression ratio.

(iii) Pressures and volumes of gas at the main line inlet and outlet connections at each compressor station.

(iv) Pressures and volumes of gas at each intake and take-off point and at the beginning and terminus of the existing and proposed facilities and at the intake or take-off point of the existing facilities to which the proposed facilities are to be connected.

(8) *Exhibit G-I—Flow diagrams reflecting maximum capabilities.* If Exhibit G does not reflect the maximum deliveries which applicant's existing and proposed facilities would be capable of achieving under most favorable operating conditions with utilization of all facilities, include an additional diagram or diagrams to depict such maximum capabilities. If the horsepower, pipelines, or other facilities on the segment of applicant's system under consideration are not being fully utilized due, e.g., to capacity limitation of connecting facilities or because of the need for standby or spare equipment, the reason for such nonutilization shall be stated.

(9) *Exhibit G-II—Flow diagram data.* Exhibits G and G-I shall be accompanied by a statement of engineering design data in explanation and support of the diagrams and the proposed project, setting forth:

(i) Assumptions, bases, formulae, and methods used in the development and preparation of such diagrams and accompanying data.

(ii) A description of the pipe and fittings to be installed, specifying the diameter, wall thickness, yield point, ultimate tensile strength, method of fabrication, and methods of testing proposed.

(iii) When lines are looped, the length and size of the pipe in each loop.

(iv) Type, capacity, and location of each natural gas storage field or facility, and of each dehydration, desulphurization, natural gas liquefaction, hydrocarbon extraction, or other similar plant or facility directly attached to the applicant's system, indicating which of such plants are owned or operated by applicant, and which by others, giving their names and addresses.

(v) If the daily design capacity shown in *Exhibit G* is predicated upon an ability to meet each customer's maximum contract quantity on the same day, explain the reason for such coincidental peak-day design. If the design day capacity shown in Exhibit G is predicated upon an assumed diversity factor, state that factor and explain its derivation.

(vi) The maximum allowable operating pressure of each proposed facility for which a certificate is requested, as permitted by the Department of Transportation's safety standards. The applicant shall certify that it will design, install, inspect, test, construct, operate, replace, and maintain the facilities for which a certificate is requested in accordance with Federal safety standards and plans for maintenance and inspection or shall certify that it has been granted a waiver of the requirements of the safety standards by the Department of Transportation in accordance with the provisions of section 3(e) of the Natural Gas Pipeline Safety Act of 1968. Pertinent details concerning the waiver shall be set forth.

(10) *Exhibit H—Total gas supply data.* A statement of total gas supply committed to, controlled by, or possessed by applicant which is available to it for the acts and services proposed, together with:

(i) The estimated remaining recoverable salable gas reserves available to applicant submitted in the form and containing all the data and information required by FPC Form No. 15, Annual Report of Gas Supply. (See § 260.7 of this chapter.)

(ii) Deliverability studies showing the volumes of natural gas which can and are proposed to be obtained each year submitted in the form and containing the data and information as required by FPC Form No. 15, Annual Report of Gas Supply.

(iii) The names and addresses of persons with whom applicant has gas-purchase contracts and the estimated volumes of gas reserves applicant has available under each contract, segregated by gas fields and reservoirs thereof with names and locations of fields (State, county or parish).

(iv) The maps 'required by FPC Form No. 15, Annual Report of Gas Supply.

(v) A conformed copy of each gas-purchase contract upon which applicant proposes to rely. Only three of the total number of copies of Exhibit H filed need include a copy of such contract. Contracts already on file with the Commission may be incorporated by reference without supplying additional copies, provided such contracts are identified with particularity by stating the exact pages of the contracts to be incorporated by reference and the file or docket number designation to which reference is made. The Commission or the presiding officer may direct that additional copies of such contracts be furnished to the Commission or to other parties to the proceeding. Any contract executed on and after April 2, 1962, and filed in support of an applicant's gas supply showing will be given no consideration in determining adequacy of gas supply if it contains any price-changing provisions other than those defined as permissible in § 154.93 of this chapter.

(vi) Pipeline companies which have filed annual reports in conformity with § 260.7 of this chapter will be required to file additional information with regard to gas supply and deliverability in support of applications for certificates for authorization to increase existing sales, facilities or capacity; to construct new facilities to make new sales; to alter any type of gas service; and to attach new sources of supply except budget-type applications filed under paragraph (b) of § 157.7 of this chapter. In all other applications the pipeline company may rely on the information set forth in said annual report, by reference thereto, unless otherwise ordered by the Commission. When gas supply and deliverability information is required to be in the application and is not permitted to be incorporated by reference, such information need pertain only to supply and deliverability for that phase of the company operations which would be affected by the facility or sale for which authorization is sought. In those instances, the pipeline company may file only those portions of the annual report for which changes have been made or which are supplemental to the annual report then currently on file with the Commission. For each new source of supply which is reported, the pipeline company shall file detailed gas supply and deliverability information, including a summary of the remaining recoverable salable gas reserves in each reservoir, all factors used for the reserve estimate in each reservoir, a 10-year deliverability projection for each supply source and any other information that the Commission may require. Total system supply and deliverability information shall be included in all applications for authorization to serve major new markets or to serve major existing markets from new sources of gas supply over new routes. The receipt, maintenance, and consideration of any information received by the Commission staff for review under this section is subject to the requirements of § 388.197 and § 2.72 of this chapter and the laws of the United States.

(vii) A study of each proposed gas storage field showing: Location; geology; original and present reserves for each reservoir; original and present pressure of each reservoir; proposed top and base storage pressures; proposed top and base gas volumes to be stored; a deliverability study, including daily and annual injection and withdrawal rates and pressures; and maximum daily deliverability and maximum storage capacity under the proposed plan of development.

(11) *Exhibit I—Market data.* A system-wide estimate of the volumes of gas to be delivered during each of the first 3 full years of operation of the proposed service, sale, or facilities and during the years when the proposed facilities are under construction, and actual data of like import for each of the 3 years next preceding the filing of the application, together with:

(i) Names and locations of customer companies and municipalities, showing the number of residential, commercial, firm industrial, interruptible industrial, residential space-heating, commercial space-heating, and other types of customers for each distribution system to be served at retail or wholesale; and the names and locations of each firm and interruptible direct industrial customer whose estimated consumption totals 10,000 Mcf or more in any calendar month or 100,000 Mcf or more per year together with an explanation of the end use to which each of these industrial customers will put the gas.

(ii) Applicant's total annual and peak day gas requirements by classification of service in paragraph (a)(11)(i) of this section, divided as follows: Gas requirements (*a*) for each distribution area where gas is sold by applicant at retail; (*b*) for each wholesale customer; (*c*) for all main line direct industrial customers; and (*d*) company use and unaccounted-for gas, for both the applicant and each wholesale customer.

(iii) Total past and expected curtailments of service by the applicant and each wholesale customer proposing to receive new or additional supplies of gas from the project, all to be listed by the classifications of service in paragraph (a)(11)(i) of this section.

(iv) Explanation and derivation of basic factors used in estimating future requirements, including, for example: Peak-day and annual degree-day deficiencies, annual load factors of applicant's system and of its deliveries to its proposed customers; individual consumer peak-day and annual consumption factors for each class of consumers, with supporting historical data; forecasted saturation of space-heating as related to past experience; and full detail as to all other sources of gas supply available to applicant and to each of its customers, including manufacturing facilities and liquid petroleum gas.

(v) Conformed copy of each contract, letter of intent or other agreement for sale or transportation of natural gas proposed by the application. Indicate the rate to be charged. If no agreements have been made, indicate the basis for assuming that contracts will be consummated and that service will be rendered under the terms contemplated in the application.

(vi) A full description of all facilities, other than those covered by the application, necessary to provide service in the communities to be served, the estimated cost of such facilities, by whom they are to be constructed, and evidence of economic feasibility.

(vii) A copy of each market survey made within the past three years for such markets as are to receive new or increased service from the project applied for.

(viii) A statement showing the franchise rights of applicant or other person to distribute gas in each community in which service is proposed.

(ix) When an application requires a statement of total peak-day or annual market requirements of affiliates, whose operations are integrated with those of applicant, to demonstrate applicant's ability to provide the service proposed or to establish a gas supply, estimates and data required by this subparagraph shall also be stated in like detail for such affiliates.

(x) When the proposed project is for service which would not decrease the life index of the total system gas supply by more than one year, the data required in paragraphs (a)(11) (i) to (ix), inclusive, of this section need be submitted only as to the particular market to receive new or additional service.

(12) *Exhibit J—Conversion to natural gas.* If it is assumed that proposed customers in new areas or firm and interruptible direct industrial customers whose estimated consumption totals 10,000 Mcf or more in any calendar month or 100,000 Mcf or more in any calendar year will convert from other fuels to natural gas, state the basis for such assumption and include a study showing estimated cost of converting customers' facilities to natural gas. The study should indicate the number of customers of each of the other fuels who applicant anticipates will convert to natural gas and the current cost of fuel to be displaced compared to the cost of natural gas on an equivalent Btu basis.

(13) *Exhibit K—Cost of facilities.* A detailed estimate of total capital cost of the proposed facilities for which application is made, showing cost of construction by operating units such as compressor stations, main pipelines, laterals, measuring and regulating stations, and separately stating the cost of right-of-way, damages, surveys, materials, labor, engineering and inspection, administrative overhead, fees for legal and other services, allowance for funds used during construction, and contingencies. Include a brief statement indicating the source of information used as the basis for the above estimate. If not otherwise set forth, submit data on preliminary bids, if any, for the proposed facilities and recent experienced cost data for facilities of similar character.

(14) *Exhibit L—Financing.* Plans for financing the proposed facilities for which the application is filed, together with:

(i) A detailed description of applicant's outstanding and proposed securities and liabilities, showing amount (face value and number), interest or dividend rate, dates of issue and maturity, voting privileges, and principal terms and conditions applicable to each.

(ii) The manner in which applicant proposes to dispose of securities by private sale, competitive bidding or otherwise; the persons, if known, to whom they will be sold or issued together with letters of intent, if any, and if not known, the class or classes of such persons.

(iii) A statement showing for each proposed issue, by total amount and by unit, the estimated sale price and estimated net proceeds to the applicant.

(iv) An itemized statement of estimated expenses, fees, and commissions to be paid by applicant in connection with each proposed issue.

(v) A statement showing whether the consent of any holder of any security is necessary to permit the issuance of the additional securities proposed, and whether, as to the proposed issue of securities, a like restriction is to be made applicable to any securities issued thereafter.

(vi) Statement of anticipated cash flow, including provision during the period of construction and the first 3 full years of operation of proposed facilities for interest requirements, dividends, and capital retirements.

(vii) Statement showing, over the life of each issue, the annual amount of securities which applicant expects to retire through operation of a sinking fund or other extinguishment of the obligation.

(viii) A balance sheet and income statement (12 months) of most recent date available.

(ix) Comparative pro forma balance sheets and income statements for the period of construction and each of the first 3 full years of operation, giving effect to the proposed construction and proposed financing of the project.

(x) Conformed copies of all agreements, contracts, mortgages, deeds of trust, indentures, agreements to advance materials or supplies or render services in return for applicant's securities, underwriting agreements, and any other agreements or documents of a similar nature.

(xi) Conformed copies of all reports, letters, or other documents, submitted by applicant to underwriters, insurance companies, or others regarding financing, including business studies, forecasts of earnings, and other similar financial or accounting reports, statements, or documents.

(xii) Conformed copies of all applications and supporting exhibits, registration statements, or other similar submittals, if any, to the Securities and Exchange Commission, including all supplements, changes or modifications of the above.

(xiii) Any additional data and information upon which applicant proposes to rely in showing the adequacy and availability to it of resources for financing its proposed project.

(15) *Exhibit M—Construction, operation, and management.* A concise statement setting forth arrangements for supervision, management, engineering, accounting, legal, or other similar service to be rendered in connection with the construction or operation of the project, if not to be performed by employees of applicant, including reference to any existing or contemplated agreements therefor, together with:

(i) A statement showing affiliation between applicant and any parties to such agreements or arrangements. See Exhibit D, paragraph (a)(4) of this section.

(ii) Conformed copies of all construction, engineering, management, and other similar service agreements or contracts in any way operative with respect to construction, operation, or financing of facilities which are the subject of the application or will be applicable under system operations.

(16) *Exhibit N—Revenues—Expenses—Income.* When the estimated revenues and expenses related to a proposed facility will significantly affect the operating revenues or operating expenses of an applicant, there shall be submitted a system-wide statement for the last year preceding the proposed construction or service and pro forma system-wide and incremental statements for each of the first three full years of operation of the proposed facilities, showing:

(i) Gas system annual revenues and volumes of natural gas related thereto, subdivided by classes of service, and further subdivided by sales to direct industrial customers, sales to other gas utilities, and other sales, indicating billing quantities used for computing charges, e. g., actual demands, billing demands, volumes, heat-content adjustment or other determinants. In addition, if enlargement or extension of facilities is involved, the revenues attributable solely to the proposed facilities shall be stated separately, and the basis and data used in such computation shall be clearly shown.

(ii) Gas system annual operating expenses classified in accordance with the Commission's Uniform System of Accounts for Natural Gas Companies; the annual depreciation, depletion, taxes, utility income, and resulting rate of return on net investment in gas plant including working capital. In addition if enlargement or extension of facilities is involved, the cost of service attributable solely to the proposed facilities shall be stated separately with supporting data.

(iii) When the data required in paragraphs (a)(16)(i) and (ii) of this section is not submitted, applicant shall provide in lieu thereof a statement in sufficient detail to show clearly the effect on the operating revenues and operating expenses of the estimated revenues and expenses related to the proposed facility.

(17) *Exhibit O—Depreciation and depletion.* Depreciation and depletion rates to be established, the method of determination and the justification therefor.

(18) *Exhibit P—Tariff.* (i) A statement of the rates to be charged for the proposed sales or service, including: (*a*) Identification of the applicable presently effective rate schedules, when no additional tariff filings will be required, or (*b*) when changes are required in applicant's presently effective tariff, or if applicant has no tariff, pro forma copies of appropriate changes in or additions to the effective tariff or a pro forma copy of the new gas tariff proposed, or (*c*) when a new rate is proposed, a statement explaining the basis used in arriving at the proposed rate. Such statement shall clearly show whether such rate results from negotiation, cost-of-service determination, competitive factors or others, and shall give the nature of any studies which have been made in connection therewith.

(ii) When new rates or changes in present rates are proposed or when the proposed facilities will result in a material change in applicant's average cost of service, such statement shall be accompanied by supporting data showing:

(*a*) System cost of service for the first calendar year of operation after the proposed facilities are placed in service.

(*b*) An allocation of such costs to each particular service classification, with the basis for each allocation clearly stated.

(*c*) The proposed rate base and rate of return.

(*d*) Gas operating expenses, segregated functionally by accounts.

(*e*) Depletion and depreciation.

(*f*) Taxes with the basis upon which computed.

(b) *Additional exhibits.* Applicant shall submit additional exhibits necessary to support or clarify its application. Such exhibits shall be identified and designated as provided by § 157.6(b)(6).

(c) *Additional information.* Upon request by the Secretary, prior to or during hearing upon the application, applicant shall submit such additional data, information, exhibits, or other detail as may be specified. An original and 7 conformed copies of such additional information shall be furnished to the Commission. The Commission reserves the right to request additional copies.

(d) *Availability of Commission staff for advice prior to formal filing.* Prior to filing an application, any person may informally confer with the staff of the Commission to obtain advice on any problem of statement or presentation of an application or any part thereof.

(Secs. 3(e), 7, 8, 82 Stat. 721, 725 (49 U.S.C. 1672, 1676, 1677; Natural Gas Act (15 U.S.C. 717-717w); Natural Gas Policy Act (15 U.S.C. 3301-3432); Department of Energy Organization Act (42 U.S.C. 7101-7352); E.O. 12009, 3 CFR 142)

[17 FR 7387, Aug. 14, 1952]

EDITORIAL NOTE: For FEDERAL REGISTER citations affecting § 157.14, see the List of CFR Sections Affected in the Finding Aids section of this volume.

### § 157.15 Requirements for applications covering acquisitions.

An application for a certificate authorizing acquisition of facilities, in addition to complying with the applicable provisions of §§ 157.5 through 157.14, shall include a statement showing:

(a) The exact legal name of the vendor, lessor, or other party in interest (hereinafter referred to as "vendor") the State or other laws under which vendor was organized, location of vendor's principal place of business, and a description of the business, operation or property of vendor covered by the application.

(b) Any certificate from the Commission, held by vendor, relating directly to the facilities which applicant seeks to acquire, citing the order, date thereof, docket designation, and title of the proceeding; reference to and designation of any companion applications by vendor for permission and approval pursuant to section 7(b) of the Natural Gas Act.

(c) The manner in which the facilities are to be acquired, the consideration to be paid, the method of arriving at the amount thereof, and anticipated expenses in addition to the consideration.

(d) The facilities to be acquired, their present use, their proposed use after acquisition, and whether they constitute all of vendor's facilities.

(e) Any franchise, license, or permit respecting the facilities involved, showing expiration date thereof, and the effect of the proposed acquisition thereon.

[17 FR 7389, Aug. 14, 1952]

### § 157.16 Exhibits relating to acquisitions.

In addition to the exhibits required by § 157.14, every application involving acquisition of facilities must be accompanied by the exhibits listed below. Together with each exhibit applicant must provide a full and complete explanation of the data submitted, the manner in which it was obtained, and the reasons for the conclusions derived from the exhibits, unless the applicant includes a statement identifying the schedule and rate containing the required information and data filed as prescribed in § 385.2011 of this chapter. If the Commission determines that a formal hearing upon the application is required or that testimony and hearing exhibits should be filed, the Secretary will promptly notify the applicant that submittal of all the exhibits and testimony of all witnesses to be sponsored by the applicant in support of his case-in-chief is required. Submittal of these exhibits and testimony must be within 20 days from the date of the Secretary's notice, or any other time specified by the Secretary in the notice. Sections 157.6(a) and 385.2011 of this chapter will govern the submissions required to be furnished to the Commission. Interveners and persons becoming interveners after the date of the Secretary's notice must be advised by the applicant of the afore-specified exhibits and testimony, and must be furnished with copies upon request.

(a) *Exhibit Q—Effect of acquisition on existing contracts and tariffs.* A statement showing the effect of the proposed transaction upon any agreements for the purchase, sale, or interchange of natural gas, and upon any rate schedules or tariffs on file with this Commission, together with pro forma rate schedule sheets, notices of cancellation, or other tariff filings required to be made with this Commission.

(b) *Exhibit R—Acquisition contracts.* A summary statement of all contracts, agreements or undertakings relating to the proposed acquisition, including:

(1) A conformed copy of each contract or other agreement covering or relating to the acquisition of the facilities.

(2) The names and addresses of all persons employed or to be employed concerning the transaction, including engineering, financial accounting, legal, or other services, and the compensation, fees, or other payments, paid or payable, to such persons.

(3) A disclosure of affiliation between applicant and vendor or between either of them and any other party in interest in the proposed acquisition. See Exhibit D, § 157.14(a)(4).

(c) *Exhibit S—Accounting.* A statement showing:

(1) The amounts recorded upon the books of the vendor as being applicable to the facilities to be acquired, and the related depreciation, depletion, and amortization reserves.

(2) The original cost of the facilities to be acquired, segregated by accounts prescribed in the Commission's Uniform System of Accounts for Natural Gas Companies; the method by which the original cost was determined; and whether such statement of original cost has been approved by any regulatory body.

(3) If the original cost has not been determined, an estimate thereof, based upon records or data of vendor or its predecessors, together with an explanation of the manner in which such estimate was made and the name and address of the present custodian of all existing pertinent records and data.

(4) The depreciation, depletion, and amortization reserve requirements applicable to the original cost of the facilities to be acquired, estimated service lives, the approximate average age of the facilities to which the depreciation reserve applies, the amortization period, and the depletion rates and estimated gas reserves upon which accruals to the depletion reserve are based.

(5) The amount at which applicant proposes to record the facilities upon its books; the amount of the original cost to be recorded, the depreciation, depletion, and amortization reserves; and the acquisition adjustments, if any, together with applicant's proposed disposition of all adjustments.

(6) Duplicate facilities to be acquired and retired, property which must be extensively rehabilitated, including a clear description of such property, the additional costs to be incurred, and the accounting therefor proposed.

(7) A balance sheet of the company to be acquired as of the most recent date available, if the acquisition involved is by purchase of capital stock and liquidation of the acquired company.

(8) A pro forma consolidating balance sheet, as of the date of the merger if the acquisition is by merger, showing the merging of the accounts and the adjustments relating thereto.

[17 FR 7389, Aug. 14, 1952, as amended by Order 493, 53 FR 15029, Apr. 27, 1988]

### § 157.17 Applications for temporary certificates in cases of emergency.

In cases of emergency and pending the determination of any application on file with the Commission for a certificate of public convenience and necessity pursuant to section 7 of the Natural Gas Act, application may be made for a temporary certificate authorizing the construction and operation of extensions of existing facilities, interconnections of pipeline systems, or sales of natural gas that may be required to assure maintenance of adequate service, or to service particular customers. This application must be submitted in the manner prescribed in §§ 157.6(a) and 385.2011 of this chapter.

(a) Before October 31, 1989, and thereafter whenever the waiver provisions of § 385.2011 of this chapter apply, the application must be submitted in writing, must be subscribed and verified by a responsible officer of applicant having knowledge of the facts, and must state clearly and specifically the exact character of the emergency, the proposed method of meeting it, and the facts claimed to warrant issuance of a temporary certificate.

(b) On or after October 31, 1989, the application must be submitted on electronic media as prescribed in § 385.2011 of this chapter, must be subscribed and verified by a responsible officer of applicant having knowledge of the facts, and must state clearly and specifically the exact character of the emergency, the proposed method of meeting it, and the facts claimed to warrant issuance of a temporary certificate.

[Order 493, 53 FR 15029, Apr. 27, 1988, as amended by Order 493-B, 53 FR 49653, Dec. 9, 1988]

### § 157.18 Applications to abandon facilities or service; exhibits.

Applications for an order authorizing abandonment of facilities or service pursuant to section 7(b) of the Natural Gas Act must contain a statement providing in detail the reasons for the abandonment and must contain the exhibits listed below, unless the applicant includes a statement identifying the schedule and rate containing the required information and data filed as prescribed in § 385.2011 of this chapter. Sections 157.6(a) and 385.2011 of this chapter will govern the submission of applications and exhibits required to be furnished. Together with each exhibit, applicant must provide a full and complete explanation of the data submitted, the manner in which it was obtained, and the reasons for the conclusions derived from the data. The Secretary may, in addition, require that the testimony of all witnesses to be presented by the applicant be filed together with all exhibits upon which applicant will base its case-in-chief.

(a) *Exhibit T—Related applications.* A statement showing:

(1) The docket numbers of the prior proceedings in which the facilities or services sought to be abandoned were certificated.

(2) The docket numbers of related applications pending before or which have been authorized by the Commission with an explanation of the interrelationship of those applications with the instant application.

(b) *Exhibit U—Contracts and other agreements.* A conformed copy of each contract or other agreement pertaining directly or indirectly to the abandonment of facilities or service, including all agreements which influenced applicant to seek the abandonment and all agreements which are dependent upon the approval of the proposed abandonment.

(c) *Exhibit V—Flow diagram showing daily design capacity and reflecting operation of applicant's system after abandonment.* A flow diagram showing daily design capacity and reflecting operating conditions of applicant's system after abandonment of facilities on that segment of the system affected by the abandonment, including the following:

(1) Diameter, wall thickness, and length of pipe remaining.

(2) For each remaining compressor station, the size, type and number of compressor units, horsepower required, horsepower installed, volume of gas to be used as fuel, suction and discharge pressures, and compression ratio.

(3) Pressures and volumes of gas at the main line inlet and outlet connections at each compressor station.

(4) Pressures and volumes of gas at each intake and takeoff point and at the beginning and terminus of all remaining facilities.

(d) *Exhibit W—Impact on customers whose service will be terminated.* A statement indicating the availability of natural gas from other sources to applicant's customers whose service will be terminated by the abandonment and a statement showing the economic effect of the abandonment on applicant's customers. If no other natural gas is available, indicate the availability of other fuels to those customers and explain why the abandonment of service to each customer is permitted by the public convenience and necessity.

(e) *Exhibit X—Effect of the abandonment on existing tariffs.* A statement showing the effect of the proposed abandonment upon any rate schedules or tariffs on file with this Commission, together with pro forma rate schedule sheets, notices of cancellation, or other tariff filings required to be made with this Commission.

(f) *Exhibit Y—Accounting treatment of abandonment.* Concisely describe the changes of property, indicating the cost of property to be abandoned in place, the cost of property to be removed and salvaged, the proposed disposition of salvaged material, and a description of equipment to be relocated setting forth its cost, its proposed new location, and the extent of rehabilitation required. Include the information required below.

(1) State the proposed accounting treatment for property changes, showing, for example, retirements by primary plant accounts, cost of removal, salvage realized for materials and equipment sold, original cost of reusable materials and equipment recovered (see Account 154 of the Uniform System of Accounts), and maintenance costs for reconditioning of reusable materials and equipment.

(2) If the abandonment will be by sale of property, describe the property to be sold, together with the proposed accounting treatment as required by paragraph F of Gas Plant Instruction 5 of the Uniform System of Accounts. Applicant may use pro forma accounting entries based on estimated amounts, provided that upon consummation of the sale he must file proposed accounting entries in conformity with the requirements of the Uniform System of Accounts. If the proposed sale will result in a taxable gain to the applicant, indicate the amount of federal and state income taxes to be allocated to the gain. If no allocation is to be made, explain the reasons.

(3) State the amount of accumulated deferred income taxes attributable to the property to be abandoned. Indicate the proposed accounting treatment of those accumulated deferred taxes.

(g) *Exhibit Z—Location of facilities.* Unless shown on Exhibit V or elsewhere, a geographic map of suitable scale and detail showing, and appropriately differentiating between, all of the facilities proposed to be abandoned and the other existing facilities of applicant, the operation or capacity of which will be directly affected by the facilities to be abandoned. This map shall clearly show the relationship of the facilities to be abandoned to the applicant's overall system and shall include:

(1) Location, length and size of pipelines.

(2) Location and size (rated horsepower) of compressor stations.

(3) Location and designation of each point of connection of existing facilities with (i) main line industrial and other consumers, pipeline or distribution companies and municipalities, indicating towns and communities served at wholesale or retail and (ii) gas-producing and storage fields, or other sources of gas supply. Designate on the map those facilities and services proposed to be abandoned.

[Order 280, 29 FR 4879, Apr. 7, 1964, as amended by Order 295, 30 FR 4130, Mar. 30, 1965; Order 493, 53 FR 15029, Apr. 27, 1988]

### § 157.20 General conditions applicable to certificates.

Such of the following terms and conditions, among others, as the Commission shall find is required by the public convenience and necessity, shall attach to the issuance of each certificate and to the exercise of the rights granted thereunder.

(a) The certificate shall be void and without force or effect unless accepted in writing by applicant within 30 days from the issue date of the order issuing such certificate: *Provided, however,* That when an application for rehearing of such order is filed in accordance with section 19 of the Natural Gas Act, such acceptance shall be filed within 30 days from the issue date of the order of the Commission upon the application for rehearing or within 30 days from the date on which such application may be deemed to have been denied when the Commission has not acted on such application within 30 days after it has been filed: *Provided further,* That when a petition for review is filed in accordance with the provisions of section 19 of the Natural Gas Act, such acceptance shall be filed within 30 days after final disposition of the judicial review proceedings thus initiated.

(b) Any authorized construction, extension, or acquisition shall be completed and in actual operation by applicant and any authorized operation, service, or sale shall be actually undertaken and regularly performed by applicant within (period of time to be specified by the Commission in each order) from the issue date of the Commission's order issuing the certificate.

(c) Applicant must file with the Commission, in writing and under oath, until October 31, 1989, an original and four conformed copies, and thereafter as prescribed in § 385.2011 of this chapter and, upon request must furnish an intervener with a single copy, of the following:

(1) Within ten days after the bona fide beginning of construction, notice of the date of such beginning; (2) each three months after filing notice of commencing construction, a progress report showing the exact status of authorized construction; (3) within ten days after authorized facilities have been constructed and placed in service or any authorized operation, sale, or service has commenced, notice of the date of such placement and commencement and (4) within six months after authorized facilities have been constructed, a statement showing, on the basis of all costs incurred to that date and estimated to be incurred for final completion of the project, the cost of constructing authorized facilities, such total costs to be classified according to the estimates submitted in the certificate proceeding and compared therewith and any significant differences explained.

(d) With respect to an acquisition authorized by the certificate, applicant must file with the Commission before October 31, 1989, in writing and under oath, an original and four conformed copies and thereafter as prescribed in § 385.2011 of this chapter the following:

(1) Each 3 months after the issue date of the Commission's order issuing this certificate, a progress report showing the exact status of the acquisition; (2) within 10 days after acquisition and the beginning of authorized operations, notice of the dates of acquisition and the beginning of operations; and (3) within 6 months after consummation of the acquisition, a statement showing and explaining the cause for any differences between the actual cost of the facilities acquired and the estimates of cost relied upon by applicant in the proceeding in which the certificate is issued.

(e) The certificate issued to applicant is not transferable in any manner and shall be effective only so long as applicant continues the operations authorized by the order issuing such certificate and in accordance with the provisions of the Natural Gas Act, as well as applicable rules, regulations and orders of the Commission.

(f) The certificate herein issued shall be without force and effect unless the fees prescribed by § 159.2(b) and § 159.2(d), if any, of the Regulations Under the Natural Gas Act have been paid in accordance with the requirements thereof.

(g) In the interest of safety and reliability of service, facilities authorized by the certificate shall not be operated at pressures exceeding the maximum operating pressure set forth in Exhibit G-II to the application as it may be amended prior to issuance of the certificate. In the event the applicant thereafter wishes to change such maximum operating pressure it shall file an appropriate petition for amendment of the certificate. Such petition shall include the reasons for the proposed change. Nothing contained herein authorizes a natural gas company to operate any facility at a pressure above the maximum prescribed by state law, if such law requires a lower pressure than authorized hereby.

(Sec. 20, 52 Stat. 832; 15 U.S.C. 717s)

[17 FR 7389, Aug. 14, 1952, as amended by Order 280, 29 FR 4879, Apr. 7, 1964; Order 317, 31 FR 432, Jan. 13, 1966; Order 324, 31 FR 9348, July 8, 1966; Order 493, 53 FR 15030, Apr. 27, 1988; Order 493-B, 53 FR 49653, Dec. 9, 1988]

### § 157.21 Abandonment of purchases.

(a) Except as provided in paragraph (c) of this section, a purchaser subject to the Commission's jurisdiction under the Natural Gas Act is authorized, upon 30-days written notice to (or from) the seller, or any longer notice period required by contract, to abandon purchases of natural gas from any first seller or pipeline:

(1) Permanently, under a contract that has expired, or

(2) To the extent that the obligation of the purchaser to take or pay for gas (or both), or of the seller to deliver gas, is unilaterally reduced, suspended or terminated by either party in accordance with a provision of an unexpired contract.

(b) A purchaser subject to the Commission's jurisdiction under the Natural Gas Act is authorized to abandon purchases of gas from any first seller or pipeline:

(1) Permanently, by agreement of the parties to such abandonment, or

(2) To the extent that the obligation of the purchaser to take or pay for gas (or both) is reduced, suspended or terminated by agreement of the parties.

(c) A purchaser that is an interstate pipeline may not unilaterally abandon purchases of gas under paragraph (a) of this section unless it has a blanket certificate of public convenience and necessity authorizing transportation of natural gas under § 284.221 of this chapter.

(d) A purchaser that permanently abandons purchases of gas under this section must file in the manner prescribed in § 385.2011 of this chapter a report with the Commission within 30 days of the date that purchases are terminated providing the following information:

(1) The name of the former seller;

(2) A description of the certificate authority under which the former seller sold the abandoned gas;

(3) A description of the contractual authority under which the purchases were terminated; and

(4) If the abandonment is partial, a description of the acreage from which purchases were terminated and acreage from which purchases continue.

(e) For purposes of this section, the term "first seller" means any seller that engages in a sale of natural gas that is a "first sale" under section 2(21) of the Natural Gas Policy Act of 1978.

[Order 490, 53 FR 4133, Feb. 12, 1988, as amended by Order 493, 53 FR 15030, Apr. 27, 1988; Order 490-A, 53 FR 29009, Aug. 2, 1988]

## Subpart B—Filings by Producers and Gatherers of Natural Gas Which Are Also Natural Gas Companies

### § 157.23 Applications for certificates of public convenience and necessity by independent producer.

(a) Every independent producer of natural gas as that term is defined in § 154.91 of this chapter, who, on or since June 7, 1954, has engaged in the interstate transportation or sale of natural gas subject to the jurisdiction of the Commission, and who has not heretofore obtained from the Commission a certificate of public convenience and necessity pursuant to section 7 of the Natural Gas Act, as amended, shall, on or before December 1, 1954, file with the Commission an application (original and 3 copies) in accordance with §§ 157.24 through 157.27. The Commission reserves the right to request additional copies. Independent producers whose sales of natural gas subject to the jurisdiction of the Commission amount in the aggregate to less than 1,000,000 Mcf annually, may, in lieu of the foregoing, file by December 1, 1954 an application (original and three copies) containing the information called for by Exhibit A set forth below. Pending action by the Commission on an application hereunder, the service for which authorization is sought shall be continued.

(b) No independent producer of natural gas shall, subsequent to the issuance of this part, engage in any new service with respect to the transportation of natural gas in interstate commerce or sale of such natural gas for resale in interstate commerce subject to the jurisdiction of the Commission without approval of the Commission, evidenced by a certificate of public convenience and necessity authorizing such transportation or sale upon application (original and 3 copies) pursuant to §§ 157.24 through 157.27. The Commission reserves the right to request additional copies. Independent producers whose sales of natural gas subject to the jurisdiction of the Commission will amount in the aggregate to less than 1,000,000 Mcf annually may, in lieu of the foregoing, file an application (original and three copies) containing the information called for by Exhibit A set forth below. Where the economic feasibility of a new pipe line or important extension or expansion of an existing pipe line depends upon proof of an adequate gas supply, all related applications necessary to effectuate the service shall be filed within time to enable the Commission to consider all related matters concurrently.

(c) Filings hereunder shall be made by signatory operators and signatory owners as provided in § 154.91 of this chapter.

EXHIBIT A (§ 157.23)

APPLICATION FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY BY CLASS B INDEPENDENT PRODUCER[1] (FILE ORIGINAL AND THREE COPIES)

(1) Name of applicant ————————
(2) State of organization ————————
(3) Location of principal place of business —
————————————————
(4) Names of States in which authorized to do business ————————
(5) Person responsible for application:
(a) Name and title ————————
(b) Mailing address ————————
(6) Description of facilities used for operations for which certificate is requested (where applicable):
(a) Pipelines:
(i) Location ————————
(ii) Length and diameter ————————
(iii) Capacity (Mcf daily) ————————
(b) Compressor stations:
(i) Location ————————
(ii) Horsepower ————————
(iii) Capacity (Mcf daily) ————————
(c) Gasoline plants:
(i) Location ————————
(ii) Capacity (Mcf daily) ————————
(d) Dehydration plants:
(i) Location ————————
(ii) Capacity (Mcf daily) ————————
(e) Purification plants:
(i) Location ————————
(ii) Capacity (daily) ————————
(f) Storage projects:
(i) Location ————————
(ii) Maximum volumes that can be stored Mcf ————————
(7) Gas supply:
(a) Own production:
(i) Name and location of field ————————
(ii) Acreage controlled ————————
(b) Gas purchased:
(i) Name of seller ————————
(ii) Name and location of field ————————
(iii) Point of delivery to applicant ——
————————————————
(8) Gas sales or transportation contract (for each contract);[2]
(a) Name of purchaser ————————
(b) Point of delivery ————————
(c) Contract volumes Mcf (daily or annually), indicating pressure base ————————
(d) Price at time of filing ————————
(e) Date of contract ————————
(f) Term of contract ————————
(g) Special conditions (if any) ————————

[Order 174-B, 19 FR 8809, Dec. 23, 1954, as amended by Order 190, 21 FR 7617, Oct. 4, 1956; Order 196, 22 FR 2882, Apr. 24, 1957; Order 297, 30 FR 6518, May 12, 1965]

## § 157.24 Contents of application.

(a) Every application for a certificate of public convenience and necessity required under § 157.23 shall be filed with the Commission and shall contain, in the form specified in § 250.5, a summary of each contract for the sale or transportation of natural gas for which a certificate is requested. If the application is filed by an assignee seeking authority, as successor in interest, only to render service previously authorized by the Commission or to initiate service resulting from a farmout agreement, he shall describe the service to be continued under the original F.P.C. Docket No(s). granting authorization to the assignor and the proposed disposition of the assignor's F.P.C. Gas Rate Schedule(s), and, if applicable, in addition to the refund obligations required by § 154.92(d)(3) indicate if the assignor intends to file bond or undertaking to assure total refund from the date increased rate of assignor becomes effective subject to refund or from date operation commenced under assignor's temporary certificate containing a refund condition, as the case may be. In addition, the application shall set forth in the order indicated the following:

---

[1] Independent producers defined in § 154.91 of this chapter as transporting in interstate commerce or selling in interstate commerce for resale a total of less than 1,000,000 Mcf per year of natural gas.

[2] Contracts on file as rate schedules may be incorporated by reference.

(1) The exact legal name of the applicant; if the applicant is a corporation, the State or territory under the laws of which the applicant is organized, the location of applicant's principal place of business, and the names of all States where applicant is authorized to do business.

(2) The same data required by paragraph (a)(1) of this section with respect to any predecessor in interest of the applicant bona fide engaged in the transportation or sale of natural gas subject to the jurisdiction of the Commission on June 7, 1954.

(3) The name, title, and post office address of the person to whom correspondence or communications in regard to the application is to be addressed. Unless advised to the contrary, the Commission will serve all notices, orders, and other papers, service of which is required, upon the person so named.

(4) A statement of pertinent facts showing that applicant or a predecessor in interest of applicant was a natural-gas company within the meaning of the Natural Gas Act and was bona fide engaged in transportation of natural gas in interstate commerce or sale of natural gas in interstate commerce for resale on June 7, 1954, or upon commencement of the proposed transportation or sale of natural gas would be a natural-gas company. Without limitation upon the requirements of this paragraph, such statement shall include a showing of:

(i) The sources of the gas (*a*) produced by applicant or predecessor and (*b*) purchased by applicant or predecessor. In case of gas produced, give the approximate location of the fields and the points of delivery, and in the case of gas purchased, the names of the sellers and points of delivery.

(ii) The route or routes of the pipe lines over which such transportation or sale of natural gas was or will be accomplished.

(iii) Any communities served on June 7, 1954 or proposed to be served (*a*) at wholesale or (*b*) at retail.

(iv) The names of, and points of delivery to, any main line industrial customers (i.e., not located within communities under paragraph (a)(4)(iii) of this section) purchasing or proposing to purchase 25,000 Mcf or more per year. Such main line industrial customers purchasing 100,000 Mcf or more per year, shall be given the identifying designations I-1, I-2, etc., which designations shall be used in lieu of names on Exhibit A of the application (§ 157.23).

(v) Any major appurtenant properties and facilities such as compressor stations, gasoline plants, dehydration plants, purification plants, and gas storage projects.

(b) Any information required which is already on file with the Commission may be incorporated by reference. If an applicant is unable to secure required information in time for filing with his application, a statement setting forth the reasons for his failure to file the missing information should be submitted with a request for further time, which may be granted up to 90 days.

(c) Each application for a certificate of public convenience and necessity required under § 157.23 must be accompanied by the appropriate fee prescribed in § 381.202 of this chapter, unless a petition for waiver is submitted in lieu thereof under § 381.106 of this chapter.

[Order 174-B, 19 FR 8810, Dec. 23, 1954, as amended by Order 278, 29 FR 3700, Mar. 25, 1964; Order 556, 41 FR 52443, Nov. 30, 1976; Order 196, 46 FR 60432, Dec. 10, 1981; Order 360, 49 FR 5081, Feb. 10, 1984]

### § 157.25 Necessary exhibits.

There shall be filed with the application as a part thereof the following exhibits:

*Exhibit A. Map.* Each applicant under § 157.24 shall file as a part of his application a general map or sketch of applicant's facilities for the production, transportation, or sale of natural gas as Exhibit A (§ 157.23). The map need be only of sufficient scale and in sufficient detail to show the general geographical location of the properties.

(a) The location of gas fields from which gas is or will be produced by applicant or affiliated companies or at which gas is or will be purchased by applicant.

(b) The location of applicant's principal pipe lines and the diameters thereof.

(c) The points of connection with the facilities or pipe-line systems of other companies.

(d) The designation of points of delivery of gas from applicant's system, including

(e) The communities served or proposed to be served at wholesale and at retail, indicating wholesale by a small square and retail by a small circle.

(f) The designation of points of delivery of gas from applicant's system, including points of delivery to main line industrial customers purchasing 100,000 Mcf or more per year. Such main line industrial customers are to be designated I-1, I-2, etc., as indicated in § 157.24(a)(4)(iv).

*Exhibit B. Contracts.* Conformed copy of each contract for sale or transportation of gas for which a certificate is requested: *Provided; however,* That contracts on file with the Commission in other proceedings may be included by reference as heretofore provided in § 157.24(b); *And provided further,* That acceptance of contracts hereunder shall not be construed as approval of the rates therein contained under Part 154 hereof or under the Natural Gas Act. On or after April 2, 1962, the application shall be rejected if any contract submitted in support thereof contains any price-changing provisions other than those defined as permissible in § 154.93 of this chapter. The application will be rejected if any contract, executed after February 1, 1967, submitted in support thereof contains any makeup provisions proscribed by § 154.103 of this chapter.

*Exhibit C. Certification required by the Natural Gas Pipeline Safety Act of 1968.* The applicant shall certify that it will design, install, inspect, test, construct, operate, replace, and maintain any gathering facilities used in the proposed sale or transportation for which a certificate is requested in accordance with Federal safety standards and plans for maintenance and inspection or shall certify that it has been granted a waiver of the requirements of the safety standards by the Department of Transportation in accordance with the provisions of section 3(e) of the Natural Gas Pipeline Safety Act of 1968. Pertinent details concerning the waiver shall be set forth. The Federal standards are not applicable to gathering facilities outside the following areas:

(a) An area within the limits of any incorporated or unincorporated city, town, or village;

(b) Any designated residential or commercial area such as a subdivision, business or shopping center, or community development.

Applicants whose gathering facilities lie outside the areas where Federal safety standards are applicable shall so state in Exhibit C in lieu of submitting the required certification.

(Secs. 4, 5, 52 Stat. 822, 56 Stat. 83; 15 U.S.C. 717c, 717d; secs. 3(e), 7, 8, 82 Stat. 721, 72 49 U.S.C. 1672, 1676, 1677)

[Order 174-B, 19 FR 8810, Dec. 23, 1954, as amended by Order 334, 32 FR 866, Jan. 2 1967; Order 430, 36 FR 7052, Apr. 14, 1971]

### § 157.26 Form of filing.

An application under § 157.23 (which shall include the originals of all exhibits accompanying the applications shall be verified.

[Order 225, 47 FR 19057, May 3, 1982]

### § 157.27 Other information.

Upon request by the Secretary, applicant shall submit such additional data, information, exhibits, or other detail as may be specified.

[Order 221, 25 FR 5334, June 15, 1960]

### § 157.28 Temporary authorizations.

Upon the filing of an application for a certificate of public convenience and necessity under §§ 157.23 to 157.2 and a rate schedule under §§ 154.9 through 154.102 of this chapter, an independent producer in the event of an emergency may request temporary authorization to initiate the sale or transportation of natural gas in interstate commerce pending final Commission action under sections 4 and 7 of the Natural Gas Act.

(a) As part of its application hereunder, or separately, the applicant independent producer must file, or have on file (1) a statement setting forth the facts constituting the emergency requiring such action, which emergency may include, inter alia: drainage, threatened loss of lease, flaring, economic hardship resulting from payment of shut-in royalties, or similar situations; (2) a statement identifying the contract tendered as the rate schedule intended to be effective for the sale or transportation under this temporary authorization; and (3) a statement describing, generally, the facilities necessary to enable the purchaser to take delivery of the gas proposed to be sold or transported.

(b) Any temporary certificate issued under this section will provide that service must commence within 90 days of the date of issuance thereof, except that for service from an offshore area, within the Federal domain or the disputed offshore area, service must commence within 30 days of the completion by the purchaser or transporter of construction of the facilities required to commence such service.

(c) The applicant may, within 30 days of the date of issuance, file in writing its acceptance or rejection of the temporary certificate. If accepted, the temporary certificate shall be effective upon the date of receipt of the acceptance by the Secretary. If no acceptance or rejection has been filed within said 30 days, the temporary certificate shall be deemed to have been accepted and shall be effective on that date. However, no temporary authorization under this section will be effective until such time as the purchaser or transporter of the natural gas to be sold thereunder is authorized under section 7 of the Natural Gas Act to construct and operate such facilities as may be necessary to receive and transport the gas.

[Order 396, 35 FR 5219, Mar. 28, 1970]

### § 157.30 Abandonment of service.

(See § 2.64 of this chapter.)

(a) Except as provided in paragraph (c) or (d) of this section, no independent producer as herein defined shall abandon all or any portion of its facilities subject to the jurisdiction of the Commission, or any service rendered by means of such facilities, without the permission and approval of the Commission first had and obtained upon application (original and 3 copies), after due hearing, and a finding by the Commission that the available supply of natural gas is depleted to the extent that the continuance of service is unwarranted, or that the present or future public convenience or necessity permit such abandonment: *Provided, however,* That nothing herein shall be construed as interfering or as intended to interfere with or to prevent compliance by a natural-gas company with valid conservation orders of a State agency relating to the production or gathering of natural gas.

(b) Every application for abandonment of service under this section shall contain, on the first page of such application, a summary, in the form specified in § 250.7, of each contract for sale or transportation of gas for which abandonment authorization is requested.

(c) A first seller is authorized, upon 30-days written notice to (or from) the purchaser, or any longer notice period required by contract, to abandon sales of gas to any purchaser:

(1) Permanently, under a contract that has expired, or

(2) To the extent that the obligation of the purchaser to take or pay for gas (or both), or of the seller to deliver gas, is unilaterally reduced, suspended or terminated by either party in accordance with a provision of an unexpired contract.

(d) A first seller is authorized to abandon sales of gas to any purchaser:

(1) Permanently, by agreement of the parties to such abandonment, or

(2) To the extent that the obligation of the seller to deliver gas is reduced or suspended by agreement of the parties.

(e) Unless the former purchaser agrees to file a report of the abandonment under § 157.21(d), a seller that permanently abandons sales of gas under paragraph (c) of this section must file a report with the Commission within 30 days of the date that sales are terminated providing the following information:

(1) A description of the certificate authority under which the abandoned sales were made;

(2) The name of the former purchaser;

(3) A description of the contractual authority under which the sales were terminated; and

(4) If the abandonment is partial, a description of the acreage from which sales were terminated and acreage from which sales continue.

(f) For purpose of this section, the term "first seller" means any seller that engages in a sale of natural gas that is a "first sale" under section 2(21) of the Natural Gas Policy Act of 1978.

[Order 278, 29 FR 3700, Mar. 25, 1964; Order 297, 30 FR 6514, May 12, 1965, as amended by Order 340, 32 FR 5990, Apr. 14, 1967; Order 490, 53 FR 4133, Feb. 12, 1988; 53 FR 8176, Mar. 14, 1988, Order 490-A, 53 FR 29009, Aug. 2, 1988; 53 FR 37291, Sept. 26, 1988]

### § 157.39 Applicability of §§ 157.23 through 157.30.

Sections 157.23 through 157.30 shall be applicable to independent producers as defined in § 154.91 of this chapter, but, with the exception of § 157.30, shall not apply to those independent producers who are subject to § 157.40.

[Order 428B, 36 FR 13384, July 21, 1971]

### § 157.40 Exemption of small producers from certain filing requirements.

(a) *Definitions.* (1) A "small producer" is an independent producer of natural gas as defined in § 154.91 of this chapter who is not affiliated with a Major natural gas pipeline company and whose total "jurisdictional sales" on a nationwide basis, together with such sales by "affiliated producers," were not in excess of 10,000,000 Mcf at 14.73 psia during the preceding calendar year. A small producer as defined above will retain small producer status through March 31 of the calendar year following that in which its total jurisdictional sales (including sales by affiliates) first exceed the 10,000,000 Mcf limitation, except that if a small producer merges with, acquires, is acquired by, or otherwise becomes affiliated with (i) another producer or a jurisdictional pipeline company other than Major and the total jurisdictional sales volumes of such parties exceeded 10,000,000 Mcf in the immediately preceding calendar year, or (ii) a jurisdictional Major natural gas pipeline company, said small producer's status as such will terminate effective as of the date of such merger, acquisiton or other type of affiliation.

Upon termination of small producer status, the producer or its survivor (successor) will be considered to be a large producer. If such termination occurs as a result of merger or affiliation, the producer shall give notice thereof to its purchasers and to the Commission within 30 days of the effective date of such occurrence. If such termination occurs as a result of sales having exceeded the 10,000,000 Mcf limitation during a calendar year, the producer shall give notice thereof to its purchasers and to the Commission by letter to be submitted on or before April 1 of the following year.

Where dissolution, divestiture or other severing of affiliation occurs involving large producers, a surviving producer will be considered as having small producer status as of the date of such occurrence provided that jurisdictional sales of natural gas during the preceding calendar year attributable to the reserves acquired or retained by such surviving producer as a result of such dissolution, divestiture or other severance, together with any other jurisdictional sales it made in that year, did not exceed 10,000,000 Mcf, and the producer meets the other qualifications also.

(2) As used in this section, the term "jurisdictional sales" includes: (i) Volumes sold under limited-term and optional procedure certificates (§§2.70 and 2.75, respectively, of this chapter) (ii) volumes sold under the emergency provisions of the Natural Gas Act and the Commission's regulations thereunder, (iii) volumes attributable to royalty and overriding royalty interests where such volumes were marketed with the related working interests of the producer in question, (iv) volumes of gas paid for but not taken under prepayment clauses and (v) volumes of gas sold by others in the proportion that the independent producer seeking

to come within this section, or an affiliate, has an interest in such sales. However, sales made pursuant to percentage sales contracts (§ 154.91(e) of this chapter), even where jurisdictional, are not to be included. For the further purposes hereof, each partner in a limited partnership will be considered as the seller of that portion of the total volumes sold by the partnership which corresponds to that partner's interest in the partnership, whether such partner be a general or a limited partner.

(3) "Affiliated producers" are persons who, directly or indirectly, control, or are controlled by, or are under common control with, the applicant producer. Such control exists if the producer has the power to direct or cause the direction of, or as matter of actual practice does direct, the management and policies of another producer, whether such power is exercised alone or through one or more intermediary companies, or pursuant to an agreement, and whether such power or practice is established through a majority or minority ownership or voting of securities, common directors, officers or stockholders, voting trusts, holding trusts, associated companies, relationship of blood or marriage, or any other direct or indirect means. For the further purposes of this section, the term "agreement" shall not include any agreement for the operation of a natural gas producing property or a plant processing natural gas or any joint venture, partnership, nominee, or other type of agreement pertaining to the joint exploration for and development and operation of oil and gas properties, unless such agreement otherwise establishes the power of one producer to direct or cause the direction of the management and policy of another producer. In limited partnerships, general partners shall be considered affiliated with each other, but limited partners shall not be considered affiliated with each other or with the general partners where no affiliations exist outside of the partnerships. Also, for the further purposes of this section, the existence of one or more directors of a corporation in common with another corporation shall be deemed a conclusive presumption of affiliation and control.

(4) "Small producer reserves" are: (i) Reserves developed by a natural gas company while in the status of a "small producer" as defined in paragraph (a)(1) of this section; (ii) developed reserves held on March 17, 1971, by a small producer, regardless of whether such reserves were developed by a large or small producer, and (iii) reserves developed by a large producer which was formerly a small producer underlying acreage previously dedicated to the interstate market under that producer's small producer certificate pursuant to a contract dated while the producer was in small producer status. In the case of a limited partnership or joint venture having both large and small producers as partners or joint venturers, reserves developed by the partnership or joint venture shall be allocated as large producer and small producer reserves in proportion to their respective percentages of ownership of the partnership at the time the reserves are developed. Reserves attributable to royalty and overriding royalty interests shall have the same classifications as the working interests to which they relate.

(5) "Small producer sales" are sales of natural gas made pursuant to authorization granted under this section from small producer reserves, whether such sales are made under a small producer's or any other party's contract. Percentage sales and sales made under certificates issued pursuant to §§ 2.70 and 2.75 of this chapter are not considered small producers sales.

(b) *Procedure for securing blanket small producer certificate.* (1) A small producer may apply for a blanket certificate to cover all of its existing and future jurisdictional small producer sales, as well as small producer sales attributable to interests of small producer co-owners specifically identified by the applicant. Sales which do not qualify as small producer sales, including sales from certain large producer working interests but excluding percentage sales and sales authorized pursuant to §§ 2.70 and 2.75 of this chapter, may be covered by the small producer certificate, subject to the rate limitations applicable to comparable large producer sales or otherwise applicable, as set forth in paragraph (c) of this section, provided that the applicant clearly identifies any such other sales.

(2) With respect to sales under any contract of the small producer applicant of gas attributable to large producer working interests, such sales may only be covered by the small producer certificate if the small producer is the operator of the producing properties involved and the total of the sales attributable to all of such large producer working interests (including royalty interests related to such working interests) does not exceed 20 percent of the total sales under such contract during a calendar year. Following any calendar year during which this limit is exceeded, all large producers involved shall be responsible for obtaining separate certificate authorization and filing a rate schedule for their working interests in the sale in question. Where large producer interests in a particular sale are to be covered by a small producer certificate, the applicant shall list all large producers who have committed their working interests under the contract in question, together with their respective percentages of ownership, and clearly specify which of such interests are to be considered covered by the small producer certificate.

(3) For the purposes hereof, interests in a limited partnership shall be treated as comparable to working interests in the properties of the partnership. General partners in limited partnerships shall be considered as comparable to operators of producing properties. Thus, if such a general partner already has a small producer certificate in its name when the limited partnership is formed, it need only file the certification provided for in paragraph (b)(6) of this section in order to have such certificate cover the sales by the limited partnership, subject to the limitation set forth in paragraph (b)(2) of this section as to coverage of large producer interests. Coverage of a limited partnership's sales under a general partner's certificate, however, shall not constitute authorization for other partners, limited or general, to make sales outside of the partnership.

(4) The application shall contain all of the information required by the form prescribed in § 250.10 of this chapter. A conformed copy shall be served upon each of the applicant's purchasers.

(5) Each applicant for a small producer certificate must file a separate application therefor. However, affiliated producers may file a joint application, but each such affiliate which is to be covered must be clearly identified. Coverage will not extend to affiliates not so identified.

(6) If after filing a small producer application the producer desires to have its small producer certificate cover additional sales which are other than small producer sales but which are not otherwise prohibited from being covered, it need only submit to the Commission a certification to that effect, under oath, and furnish copies of such certification to affected parties. The certification should clearly identify all interests to be covered and show the percentage of ownership for each large producer interest to be covered. No further action by the Commission will be necessary other than acknowledgement by the Secretary. Such coverage will be effective as of the date of filing of the aforesaid certification with the Commission.

(7) Each application for a blanket certificate by a small producer must be accompanied by the appropriate fee prescribed in § 381.201 of this chapter, unless a petition for waiver is submitted in lieu thereof under § 381.106 of this chapter.

(c) *Rate and certificate regulation under blanket certificate.* (1) Small producers certificated hereunder shall be authorized to make small producer sales nationwide pursuant to existing and future contracts at the following rate levels, to the extent contractually permitted:

(i) All sales of natural gas by small producers for resale in interstate commerce made in accordance with, and under the provisions of, Opinion Nos. 749, *et seq.*, shall be made at a maximum base rate of 35.0 cents per Mcf at 14.73 psia except as provided for below:

(A) For gas produced in the Permian Basin Area, as defined by Opinion Nos. 662 and 662-A, and sold pursuant to contracts dated on or after October 1, 1968, small producers shall be entitled to collect a maximum base rate of 40.5 cents per Mcf at 14.73 psia.

(B) For gas produced in the Rocky Mountain Area, as defined in § 154.109b of this chapter, and sold pursuant to contracts dated on or after October 1, 1968, small producers shall be entitled to collect a maximum base rate of 40.5 cents per Mcf at 14.73 psia.

(ii) All sales of natural gas by small producers for resale in interstate commerce that qualify for the base ceiling rate (52.0 cents per Mcf at 14.73 psia, with escalations of 1.0¢ per annum commencing January 1, 1977) set forth in § 2.56a(a)(5) of the Commission's Statements of General Policy and Interpretations, as prescribed by Opinion No. 770, *et seq.*, shall be made at a maximum base rate of 130 percent of that ceiling rate.

(iii) All sales of natural gas by small producers for resale in interstate commerce that qualify for the base ceiling rate (93.0 cents per Mcf at 14.73 psia, with escalations of 1.0 cent per annum commencing January 1, 1977) set forth in § 2.56a(a)(3) of the Commission's Statements of General Policy and Interpretations, as prescribed by Opinion No. 770, *et seq.*, shall be made at a maximum base rate of 130 percent of that ceiling rate.

(iv) All sales of natural gas by small producers for resale in interstate commerce that qualify for the base ceiling rate ($1.42 per Mcf at 14.73 psia, with escalations of 1.0 cent per quarter commencing October 1, 1976) set forth in § 2.56a(a)(1) of the Commission's Statements of General Policy and Interpretations, as prescribed by Opinion No. 770, *et seq.*, shall be made at a rate no higher than that ceiling rate.

(v)(A) All sales of natural gas by small producers for resale which are subject to a maximum lawful price under sections 102(d), 104, 106(a), 107(c)(5), 108, or 109 of the Natural Gas Policy Act of 1978, shall be made at a price which does not exceed the applicable maximum lawful price under such section.

(B) Any protest to an assertion of contractural authority to charge and collect a maximum lawful price under the NGPA shall be submitted to the Commission, and to the small producer.

(*1*) In the case of protest by the purchaser in the first sale, within 60 days from the date on which the purchaser knew, or should have known, of the assertion, or September 1, 1979, whichever is later; or

(*2*) In any other case, within 60 days after the date on which the evidentiary submission referencing such contract was filed, or November 5, 1979, whichever is later. A protest filed under this clause (*2*) shall also be served upon the purchaser in the first sale.

Each of such small producer base rates is subject to the same adjustments as may be applicable from time to time to the corresponding base rates of large producers under Commission orders of general applicability. Each applicable rate may be charged and received by the small producer and paid by the purchaser as the lawful, just and reasonable rate approved by the Commission pursuant to sections 4, 5 and 7 of the Act.

(2) Rate regulation as prescribed herein shall not apply to any jurisdictional sales made by a small producer under its small producer certificate other than its small producer sales as defined in paragraph (a)(5) of this section. Any such other sales made under the small producer certificate shall be subject to the rate limitations applicable to comparable large producer sales or otherwise applicable.

(3) Any amounts collected attributable to the small producer rate differential for sales of gas which are ultimately determined not to be small producer sales shall be subject to refund with interest at the rate prescribed in § 154.102 of this chapter.

(4) Nothing done hereunder shall be recognized by the Commission as triggering any escalation clause in an existing contract involving a producer not covered by a small producer certificate, except as provided in paragraph (f) of this section.

(5) No small producer shall be relieved from compliance with Section 7(b) of the Natural Gas Act with respect to any jurisdictional sales made by such producer (see §§ 157.30 and 157.39 of this part).

(d) *Duration of the exemption.* The exemption authorized hereunder shall remain in effect until the producer granted the exemption no longer qualifies as a small producer (i.e., through March 31 of the year immediately following the calendar year in which the producer's jurisdictional sales, including affiliates' sales, first exceed the 10,000,000 Mcf limitation, or until the producer otherwise loses its small producer status as set forth in paragraph (a)(1) of this section) or fails to comply with the terms of the exemption. The small producer certificate shall automatically terminate simultaneously with the loss of small producer status as to new sales under contracts dated on or after the termination date, but the exemption will still be effective as to those sales under contracts dated prior to the termination date which were previously covered by the small producer certificate (except as provided in paragraph (f) of this section), including sales which are other than small producer sales and which are made at rates limited to those allowed for comparable large producer sales or otherwise limited. Upon termination of the exemption, the producer will be required to file separate certificate applications and individual rate schedules for future sales.

(e) *Effective date and reinstatement of small producer certificate.* A small producer certificate issued pursuant to this section shall be effective as of the date of filing if the application therefor was filed after May 3, 1971. If the exemption is terminated pursuant to paragraph (d) of this section and the producer subsequently regains small producer status, it must file an application to reinstate its small producer certificate with respect to new small producer sales, which reinstatement, when approved, will be effective as of the filing date of the application therefor. The application for reinstatement shall contain the same information as is required for a new small producer certificate, but information previously filed may be incorporated by reference.

(f) *Filings by large producers with respect to related resales and sales from small producer reserves acquired in place.* (1) A large producer (including, for the purposes hereof, a producing affiliate of a Major natural gas pipeline company) may file for the price specified in its related contract for the resale of any natural gas sold to it by a small producer pursuant to the exemption authorized hereunder. In determining whether to accept or suspend such a filing, the Commission shall be guided by the rate level sought and the size of the differential between the purchase and resale price. A large producer under an area rate clause in its resale contract may file for the rate paid by it for gas purchased from a small producer as long as the rate does not exceed the applicable just and reasonable rate prescribed in paragraph (c) of this section.

(2) A large producer which acquires small producer reserves in place on or after July 14, 1977, regardless of whether such acquisition is by assignment, merger, acquisition of the stock of a small producer entity or other means, may, if contractually authorized, charge the applicable small producer rates for any jurisdictional sales from such reserves; *Provided, however,* That a large producer shall not be entitled to small producer rates (i) for sales from small producer reserves acquired by conversion of an overriding royalty interest to a working interest or (ii) for sales from small producer reserves being made on July 13, 1977, which did not qualify as small producer sales on that date (e.g., percentage sales and sales from small producer reserves acquired in place by a large producer on or before that date).

(g) [Reserved]

(h) *Resale authorization for large producer.* A large producer who has filed on or after July 15, 1971, an application for a certificate of public convenience and necessity for the resale of natural gas purchased from a small producer authorized to sell such gas pursuant to the blanket small producer certificate provisions in paragraph (c) of this section may resell such gas at any time after the filing of such certificate application pending final Commission action thereon. Any amounts collected by a large producer for resales made pursuant to this paragraph in excess of the rate finally determined to be required by the public convenience and necessity for such resales shall be subject to refund with interest at the rate prescribed in § 154.102 of this chapter.

[Order 568, 42 FR 39095, Aug. 2, 1977, as amended at 44 FR 48177, Aug. 17, 1979; Order 196, 46 FR 60432, Dec. 10, 1981; Order 248, 47 FR 35182, Aug 13, 1982; Order 360, 49 FR 5081, Feb. 10, 1984; Order 362, 49 FR 7114, Feb. 27, 1984; 50 FR 5746, Feb. 12, 1985; Order 451, 51 FR 22218, June 18, 1986]

### § 157.41 Condition for producer certificates of public convenience and necessity.

On and after July 30, 1976, all certificates of public convenience and necessity for the sale of natural gas for resale in interstate commerce shall be conditioned as follows:

> All persons making jurisdictional sales pursuant to the authority granted by this certificate are hereby given notice that the contractual obligations between the buyer and the seller are incorporated into the certificate obligations, and that the certificate is further conditioned to require that the seller shall observe the standard of a prudent operator to develop and maintain deliverability from reserves dedicated hereunder.

[Order 539-B, 41 FR 32885, Aug. 6, 1976; Order 539-B, 41 FR 55707, Dec. 22, 1976]

### § 157.42 Exemption of certain emergency gas transportation arrangements during the coal emergency period.

(a) *Purpose.* The purpose of this section is to encourage pipelines and local distribution companies to provide such transportation services as are necessary to permit qualifying sellers to make short-term sales of natural gas in interstate commerce to eligible electric utilities during the coal emergency period.

(b) *Definitions.* For purposes of this section—

(1) "Qualifying seller" means

(i) Any producer of natural gas proposing pursuant to this section to sell natural gas—

(A) Which is not produced from the Outer Continental Shelf, and

(B) The sale or transportation of which had not been, immediately before the date on which a contract pursuant to this section was entered into, certificated under the Natural Gas Act, except for volumes of gas produced from the Outer Continental Shelf currently transported under certificates authorizing producer reservations and not otherwise currently available to the interstate market, or

(ii) Any intrastate pipeline, local distribution company, or other person (other than an interstate pipeline or a producer of natural gas).

(2) "Eligible electric utility" means an electric utility (or other person who has electric generating capacity), with respect to which the Administrator determines that the use of gas purchased pursuant to this section (i) will contribute to alleviating the peril to the national health and safety which attends the continuation of the coal emergency, and (ii) in his judgment (A) will best meet the coal emergency and (B) will serve the public interest.

(3) "Interstate pipeline" means any natural-gas company, as defined in section 2(6) of the Natural Gas Act, which is engaged in the transportation by pipeline of natural gas.

(4) "Intrastate pipeline" means any person (other than an interstate pipeline) engaged in the transportation by pipeline of natural gas.

(5) "Local distribution company" means any person (including a governmental entity) which receives natural gas for local distribution and resale to natural gas users.

(6) "Administrator" means the Administrator of the Economic Regulatory Administration, or any officer or employee of the United States designated by him.

(7) "Coal emergency period" means the period beginning on March 15, 1978, and ending midnight, April 30, 1978.

(c) *Determination of eligibility.* Any determination of the Administrator under paragraph (b)(2) of this section shall be in writing and shall be transmitted to the Commission and to the requesting parties.

(d) *Exemption of certain transportation arrangements.* The public interest does not require the issuance of a certificate under section 7 of the Natural Gas Act authorizing the transportation or sale in interstate commerce of natural gas sold by a qualifying seller to an eligible electric utility for delivery commencing during the coal emergency period and ending not later than 60 days after deliveries commence or May 31, 1978, whichever occurs first. Any interstate transportation or sales contract, as appropriate, under this section shall be subject to the following terms and conditions:

(1) Notwithstanding any outstanding Commission order, approved settlement agreement or approved tariff governing transportation services by an interstate pipeline rendering transportation services under this section (hereafter in this section referred to as "transporter"), a transporter may charge and retain an amount for such transportation equal to actual out-of-pocket expenses. Out-of-pocket expenses may include those administrative and general expenses directly associated with such transportation. The purchaser shall provide volumes of natural gas for compressor fuel and for volumes lost and unaccounted for.

(2) Any contract for transportation or sale under this section shall provide that the Commission upon request of the transporter or upon its own motion shall have the authority to authorize the transporter to purchase the transported gas for system supply on those days on which the Commission determines the transporter (or local distribution companies served by the transporter) requires such gas for protection of the public health and safety. The transporter may not purchase the transported gas except upon 2 days' notice by the Commission to the eligible electric utility whose gas is to be purchased. If the transporter purchases gas under this subparagraph, the purchase shall be deemed to be a transaction under 18 CFR 2.68, 157.22 or 157.29, as appropriate.

(3) Transportation pursuant to this section shall be subject to interruption by the transporter to the extent the transporter has inadequate capacity available to maintain adequate service to existing customers.

(4) Within 24 hours after commencement of deliveries pursuant to this section, the transporter shall notify the Commission and the Administrator, by telegram, identifying: (i) The amount of gas to be transported (on a daily basis), (ii) the duration of the transportation, (iii) the date upon which deliveries are to commence, (iv) the seller, (v) the purchaser, (vi) the price of the gas, (vii) the transportation charges and calculations showing their derivation, and (viii) the pipelines participating in the transportation service.

(5) Within 10 days after the termination of deliveries, the transporter shall file with the Commission and the Administrator a sworn statement and four conformed copies thereof setting forth the volume of gas delivered and indicating: (i) The total compensation received by the seller, (ii) the rate schedule applicable to the sale, if any, or, alternatively, the method by which the price per Mcf was derived, (iii) the total amount of compensation received by the transporter (including amounts received for lost or unaccounted for volumes), (iv) the method by which the transporter's compensation was derived, and (v) a detailed description of the end-use of the gas.

[Order 4, 43 FR 11693, Mar. 21, 1978]

## Subpart C—[Reserved]

## Subpart D—Exemption of Natural Gas Service for Drilling, Testing, or Purging from Certificate Requirements

AUTHORITY: Natural Gas Act, as amended, 15 U.S.C. 717 *et. seq.*, Energy Supply and Environmental Coordination Act, 15 U.S.C. 791 *et. seq.*, Federal Energy Administration Act, 15 U.S.C. 761 *et. seq.*, Natural Gas Policy Act of 1978, Pub. L. 95-621, 92 Stat. 3350, Department of Energy Organization Act, Pub. L. 95-91, E.O. 12009, 42 FR 46267.

### § 157.53 Drilling of gas or oil wells and testing or purging of new natural gas pipeline facilities.

(a) Construction and operation of facilities necessary to render direct natural gas service for use in the drilling of gas or oil wells or for the use in the testing and purging of new natural gas pipeline facilities are exempted from the certificate requirements of section 7(c) of the Natural Gas Act, when the construction and operation of such facilities are conducted in accordance with paragraph (b) of this section.

(b) Operations undertaken to render direct natural gas service shall be terminated upon the completion of the well or the purging or testing of the pipeline facilities. Persons undertaking any construction or operation of facilities or service under this section shall file an original and two copies of an annual statement, by February 1 of each year, describing their activities hereunder.

[43 FR 56544, Dec. 1, 1978]

## Subpart E—Optional Certificate and Abandonment Procedures for Applications for New Service Under Section 7 of the Natural Gas Act

SOURCE: Order 436, 50 FR 42488, Oct. 18, 1985, unless otherwise noted.

### § 157.100 General.

This subpart establishes optional procedures whereby any eligible applicant may obtain, for the purpose of providing new service, a certificate authorizing the following activities subject to the Commission's jurisdiction:

(a) The transportation of natural gas;

(b) Sales of natural gas;

(c) The construction and operation of natural gas facilities;

(d) The acquisition and operation of natural gas facilities; and

(e) Conditional pre-granted abandonment of such activities and facilities upon termination of its contractual obligations to provide the services.

### § 157.101 Definitions.

(a) *Statutory terms.* Any term defined under the Natural Gas Policy Act of 1978 (NGPA) means the same under this subpart as under the NGPA.

(b) *Subpart E definitions.* For purposes of this subpart:

(1) "Eligible applicant" means any natural gas company or person that will be a natural gas company upon completion of any proposed construction or extension of natural gas facilities.

(2) "New service" means a service for which the applicant for a certificate under this subpart does not have certificate authority. If a contract for service provided under a certificate issued pursuant to this subpart or Subpart A of this part is renegotiated to provide for an increase in existing service or an additional kind of service, only the additional increment of service or the different service qualifies as "new service."

(3) "Qualifying facility" means a facility or a portion of a facility that will be used solely to provide new service.

### § 157.102 Contents of application and other pleadings.

(a) *General contents.* (1) Any application, amendment thereto, exhibits, and other submissions required under this subpart must be submitted in the manner prescribed in §§ 157.6(a) and 157.14(a) of this part and must contain all information necessary to advise the Commission fully concerning the transportation, sales and other services, and facilities, construction, extension, or acquisition and operation for which a certificate and conditional pregranted abandonment authorization is requested. All applications pursuant to this subpart must be accompanied by the fee prescribed in Part 381 of this chapter or a petition for waiver pursuant to § 381.106 of this chapter.

(2) Except as otherwise provided in paragraph (b) of this section, any application under this subpart must conform to the requirements of Subpart A of this part. Section 157.11 does not apply to applications under this subpart.

(b) *Specific contents.* (1) Any application under this subpart must contain:

(i) A statement plainly requesting that the application be considered under the optional procedures of this subpart;

(ii) A statement that the applicant agrees to comply with all terms and conditions specified in § 157.103 of this chapter;

(iii) All exhibits required under § 157.14, except for the information required by § 157.14(a) (10), (11) and (18), unless the application is filed under § 157.7;

(iv) If the proposed new service would be provided to a customer that is located in the service area of a local distribution company, a statement that the applicant has served a copy of this application on that local distribution company and the local distribution company's appropriate state regulatory agency;

(v) An environmental report as specified in Appendix A of Part 380 of this chapter, and

(vi) A statement of the rates to be charged for the proposed new service, including *pro forma* copies of the rate schedule to be included in the effective tariff, a statement explaining fully how the proposed rate was derived, showing clearly whether the proposed rate results from negotiation, cost-of-service determination, competitive factors or others, and explaining the bases for the findings and conclusions of any related studies. Any rate filed under this paragraph for new service must comply with the conditions set forth in § 157.103.

(2) Any person filing a petition to intervene, notice of intervention, or protest in a proceeding initiated by a certificate application under this subpart must:

(i) Comply with § 157.10; and

(ii) Provide in its filing a statement of all genuine issues of fact raised by such person, identifying those alleged to be material to a determination of whether the applicant's requested certificate is or will be required by the present or future public convenience and necessity.

(c) *Transportation for others.* If the application requests a certificate to provide transportation service under this subpart, the applicant must state that it has filed for and will accept a blanket transportation certificate under § 284.221 of this chapter, identify the docket number assigned to that filing, and state that it will comply with the conditions in Subpart A of Part 284.

[Order 436, 50 FR 42488, Oct. 18, 1985; 50 FR 45908, Nov. 5, 1985, as amended at 50 FR 52274, Dec. 23, 1985; Order 486, 52 FR 47910, Dec. 17, 1987; Order 493, 53 FR 15030, Apr. 27, 1988]

### § 157.103 Terms and conditions; other requirements.

(a) *Non-exclusivity of certificates issued under this subpart.* A certificate issued pursuant to this subpart must be non-exclusive and must provide that it in no way prejudices any application for any other certificate under the Natural Gas Act or for authorization under the Natural Gas Policy Act.

(b) *Certificate limited to qualifying facilities and new service.* A certificate issued under this subpart provides only for authorization to construct or acquire and operate qualifying facilities and to provide new service.

(c) *Allocation of joint costs.* To the extent the service proposed will utilize existing facilities, the cost of those facilities will be allocated among the services provided under this subpart and other services provided.

(d) *Rates*—(1) *General.* Any rate filed for new service under this subpart must comply with the conditions of this paragraph.

(2) *Rate objectives.* Maximum rates for both peak and off-peak periods must be designed, to the maximum extent possible, to achieve the following three objectives:

(i) Rates for service during peak periods should ration capacity;

(ii) Rates for firm service during off-peak periods and for interruptible service during all periods should maximize through-put; and

(iii) The certificate holder's revenue requirement allocated to firm and interruptible services should be attained by providing the projected units of service in peak and off-peak periods at the maximum rate for each service.

(3) *Volumetric rates.* Except for a reservation charge for firm transportation service consistent with the conditions in § 284.8(d), any rate filed for new service must be a one-part rate

that recovers the costs allocated to the new service to the extent that the projected units of that service are actually purchased and may not include a demand charge, a minimum bill or minimum take provision or any other provision that has the effect of guaranteeing revenue.

(4) *Based on projected units of service.* Any rate filed for new service must be designed to recover costs on the basis of projected units of service. The units projected for the new service in the initial rates filed under this subpart may be increased in a subsequent rate filing but may not be decreased.

(5) *Differentiation due to time and distance.* Any rate filed for new service must reasonably reflect any material variation in the cost of providing the service due to:

(i) Whether the new service is provided during a peak or an off-peak period; and

(ii) The distance over which the new service is provided.

(6) *Cost basis for rates.* (i) Any maximum rate filed for new service must be designed to recover, on a unit basis, solely those costs which are properly allocated to that service.

(ii) Any minimum rate for new service must be based on the average variable costs which are properly allocated to that service.

(7) *Rate flexibility.* (i) Any rate schedule filed for new service must state a maximum rate and a minimum rate.

(ii) The certificate holder may charge an individual customer for new service any rate that is neither greater than the maximum rate nor less than the minimum rate on file for that service.

(iii) The certificate holder may not file a revised or new rate designed to recover costs not recovered under rates previously in effect.

(iv) If, during any billing period, a certificate holder charges a rate or collects a reservation fee that is less than the maximum rate or fee that could be charged, the certificate holder must, within 45 days of the close of the billing period, file a report with the Commission identifying:

(A) The maximum rate or fee and the rate or fee actually charged during the billing period;

(B) The customer; and

(C) Any corporate affiliation between the customer and the certificate holder.

(8) *Prohibitions against cost shifting.* No costs originally allocated to a new service may subsequently be allocated to any other services without a filing under § 154.63 of this part and a determination by the Commission that the costs sought to be reallocated are in fact being incurred for the benefit of the other services.

(e) *No revenue guarantees for new sales service.* No demand charge, reservation fee, minimum bill provision, minimum take provision, or any other provision that has effect of guaranteeing revenue may be imposed for firm or interruptible sales service provided under this subpart.

(f) *Conditional pre-granted abandonment authority.*

(1) Subject to paragraph (f)(2) and (f)(3) of this section, if requested by the applicant in its application, any order issuing a certificate under this subpart must provide conditional pre-granted authority to abandon the proposed new service and qualifying facilities at the expiration of the contracts under-lying the new service.

(2) At least forty-five days prior to the expiration of any contractual agreement with a customer to provide new service, a certificate holder that intends to abandon any part of the new service upon expiration of the contractual agreement for that service must provide the customer and the Commission with written notice of the proposed abandonment.

(3) A customer receiving notice of a proposed abandonment of new service to it may file a protest under § 157.106 of this subpart.

(g) *Flexible receipt point authority.* (1) A certificate holder authorized to transport gas under a certificate issued pursuant to this subpart may at the request of the shipper and without prior notice:

(i) Reduce or discontinue receipts of natural gas at a particular point from a supplier, and

(ii) Commence or increase receipts at a particular point from that supplier or any other supplier. The total natural gas volumes received by the interstate pipeline following any such reassignment must not exceed the total volume of natural gas that the certificate holder is authorized under the certificate issued pursuant to this subpart to transport on behalf of the shipper.

(2) The receipt points to which natural gas volumes may be reassigned under this paragraph include eligible facilities under § 157.208 of this part which are authorized to be constructed and operated pursuant to a certificate issued under Subpart F of this part.

(h) *Flexible delivery point authority.* (1) A certificate holder authorized to transport gas under a certificate issued pursuant to this subpart may at the request of the shipper and without prior notice:

(i) Reduce or discontinue deliveries of natural gas to a particular delivery point; and

(ii) Commence or increase deliveries to a particular delivery point.

(2) The total natural gas volumes delivered by the certificate holder following any such reassignment must not exceed the total amount of natural gas that the certificate holder is authorized under the certificate issued pursuant to this section to transport on behalf of the shipper.

(3) The delivery points to which natural gas volumes may be reassigned under this paragraph include facilities authorized to be constructed and operated pursuant to a certificate issued under Subpart F of this part.

(i) *Environmental compliance.* Any certificate issued under this subpart is subject to the terms and conditions of § 157.206(a) of this chapter.

(j) *Commencement of new service.* Any authorized construction, extension, or acquisition of qualifying facilities must be completed and in actual operation by the applicant and any authorized operation, service, or sale must be actually undertaken and regularly performed by the applicant (within a period of time to be specified by the Commission in each order) from the issue date of the order issuing the certificate. The certificate holder may apply to the Director of the Office of Pipeline and Producer Regulation for an extension of this deadline.

### § 157.104 Hearings.

(a) *General.* The Commission will schedule each application for public hearing at the earliest possible date giving due consideration to statutory requirements and other matters pending, with notice thereof as provided by § 157.9 and § 385.2009 of this chapter.

(b) *Shortened procedure.* If no protest or petition to intervene raises a genuine issue of material fact, the Commission may upon request of the applicant dispose of an application in accordance with the provisions of § 385.802 of this chapter.

(c) *Presumption.* If an application complies fully with the requirements of § 157.102 and § 157.103, it is presumed, subject to rebuttal that:

(1) The applicant is qualified to perfrom all the activities for which certificate authorization is requested;

(2) The applicant is willing and able to perform acts and provide service, as proposed, and to comply with the Natural Gas Act and any applicable regulations thereunder; and

(3) The proposed new service is or will be required by the present or future public convenience and necessity.

### § 157.105 Issuance of certificate.

A certificate requested under this subpart will be issued if:

(a) The application for the certificate complies fully with §§ 157.102 and 157.103; and

(b) The presumptions established under § 157.104 are not rebutted.

### § 157.106 Protests to abandonment of new service.

(a) *Notice by certificate holder under § 157.103(f).* Any authority pre-granted to a certicate holder to abandon any new service or qualifying facilities authorized by a certificate issued under this subpart upon the expiration of any contract for such new service, is conditional and subject to protest b any customer to which the new service is provided.

(b) *Protest procedure.* (1) If a new service customer received notice of a proposed abandonment from a certificate holder in accordance with § 157.103(f), the customer may, within 30 days prior to such expiration date, file a petition under § 385.207 of this chapter to protest the abandonment and request the Commission to direct the certificate holder to continue the new service in accordance with the expired contractual agreement.

(2) The Commission may require the certificate holder to continue to provide the new service described in the abandonment notice under § 157.103(f) where the Commission determines that:

(i) Continuation of the new service is necessary because the customer is unable, after having made all reasonable efforts, to arrange for alternative service, and

(ii) The customer will pay the rate on file for the new service.

## Subpart F—Interstate Pipeline Blanket Certificates and Authorization Under Section 7 of the Natural Gas Act for Certain Transactions and Abandonment

### § 157.201 Applicability.

(a) *Scope.* This subpart establishes a procedure whereby an interstate pipeline may obtain a blanket certificate authorizing certain construction and operation of facilities, sales arrangements and certain certificate amendments and abandonment under section 7 of the Natural Gas Act.

(b) *Who may apply.* This procedure is only applicable to interstate pipelines.

(c) *Cross-reference.* The procedures applicable to transportation by interstate pipelines under blanket certificates are set forth in Subpart G of Part 284 of this chapter.

(d) *Availability of case-specific certificates.* Nothing in this subpart shall preclude an interstate pipeline from proceeding under any other provision of the Commission's regulations to obtain Commission approval of abandonments or a temporary or permanent certificate of public convenience and necessity.

[Order 234, 47 FR 24266, June 4, 1982, as amended by Order 436, 50 FR 42490, Oct. 18, 1985]

### § 157.202 Definitions.

(a) *General rule.* Terms defined in the Natural Gas Policy Act of 1978 (NGPA) shall have the same meaning for the purposes of this subpart as they have under the Natural Gas Policy Act of 1978.

(b) *Subpart F definitions.* For purposes of this subpart:

(1) "Certificate holder" means any interstate pipeline with an effective blanket certificate issued pursuant to this subpart.

(2)(i) "Eligible facility" means, except as provided in paragraph (b)(2)(ii) of this section, any facility subject to the Natural Gas Act jurisdiction of the Commission that is necessary to provide service within existing certificated volumes, or any gas supply facility. Eligible facility includes any facility needed by the certificate holder to receive gas from a supplier and interconnecting points between transporters that transport natural gas under § 284.221 of this chapter.

(ii) *Exclusions:* "Eligible facility" does not include:

(A) A main line of a transmission system;

(B) An extension of a main line;

(C) A facility, including compression and looping, that alters the capacity of a main line;

(D) A facility required to test, develop or utilize an underground storage field or to store gas above ground in either a gaseous or liquefied state;

(E) Sales taps;

(F) A facility that crosses a state line and is constructed for the primary purpose of transporting gas which is also transported by an intrastate pipeline under section 311(a)(2) of the NGPA;

(G) A facility constructed to effect the purchase of gas from plants manufacturing synthetic gas or from plants gasifying liquefied natural gas.

(3) "Facility" does not include the items described in § 2.55 of this chapter.

(4) "Gas supply facility" means a facility subject to the Natural Gas Act jurisdiction of this Commission which is necessary to connect the system of a certificate holder, or the system of a pipeline (including the certificate holder) authorized to transport gas for or exchange gas with an interstate pipeline company, to natural gas supplies destined for the system supply of an interstate pipeline company.

(5) "Main line" means the principal transmission facilities of a pipeline system extending from supply areas to market areas and does not include small-diameter lateral or gathering lines.

(6) "Miscellaneous rearrangement of any facility" means any rearrangement of a facility that does not result in any change of service rendered by means of the facilities involved, e.g., changes in existing field operations or relocation of existing sales or transportation facilities when required by highway construction, dam construction or similar reasons.

(7) "Project" means a unit of improvement or construction which, upon completion, is used and useful without any further construction of facilities.

(8) "Project cost" means the total actual cost of constructing the jurisdictional portions of a project. In the case of a project constructed jointly by more than one interstate pipeline, the project cost is the total cost, irrespective of the amount paid by each pipeline.

(9) "Right-of-way grantor" means (i) a person who grants a right-of-way easement to the certificate holder; or (ii) any successor to an interest which is subject to the easement.

(10) "Sales tap" means metering and appurtenant facilities necessary to enable the certificate holder to deliver gas to a distribution customer or an end-user, irrespective of whether the certificate holder owns the gas to be transported.

(11) "Sensitive environmental area" means:

(i) The habitats of species which have been identified as endangered or threatened under the Endangered Species Act (Pub. L. 93-205, as amended);

(ii) National or State Forests or Parks;

(iii) Properties listed on, or eligible for inclusion in, the National Register of Historic Places, or the National Register of Natural Landmarks;

(iv) Floodplains and wetlands;

(v) Designated or proposed wilderness areas, national or state wild and scenic rivers, wildlife refuges and management areas and sanctuaries;

(vi) Prime agricultural lands, designated by the Department of Agriculture; or

(vii) Sites which are subject to use by American Indians and other Native Americans for religious purposes.

(12) "Storage service" means the receipt of natural gas for injection into storage and the subsequent withdrawal of an equivalent volume (less any fuel or unaccounted for volumes) at a later date.

(13) "High priority end use" means any use of natural gas:

(i) Certified by the Secretary of Agriculture under 7 CFR 2900.3 as an "essential agricultural use" under section 401(c) of the Natural Gas Policy Act of 1978;

(ii) In a hospital or school or similar institution as defined in § 281.103(a) (11) and (12) of this chapter;

(iii) In a commercial establishment that uses 50 Mcf or more of natural gas on a peak day;

(iv) For plant protection; or

(v) For process and feedstock needs.

(14) "High priority end user" means any person who consumes natural gas in a high priority end use.

[Order 234, 47 FR 24266, June 4, 1982, as amended by Order 319, 48 FR 34888, Aug. 1, 1983; Order 319-A, 48 FR 51446, Nov. 9, 1983; Order 436, 50 FR 42490, Oct. 18, 1985]

### § 157.203 Blanket certification.

(a) *Effect.* A blanket certificate issued pursuant to this subpart authorizes the certificate holder, in accordance with the provisions of this subpart, to engage in any of the activities specified in § 157.208 through § 157.218 (as may be amended from time to time).

(b) *Automatic authorization.* A blanket certificate issued pursuant to this subpart authorizes the certificate holder to engage in transactions described in §§ 157.208(a), 157.211(a), 157.213(a), 157.215, 157.216(a), 157.217 or 157.218 without further Commission approval.

(c) *Prior notice required.* A blanket certificate issued pursuant to this subpart authorizes the certificate holder to engage in activities described in §§ 157.208(b), 157.211, 157.211(b), 157.212, 157.213(b), 157.214, or 157.216(b), if the requirements of § 157.205 have been fulfilled.

[Order 234, 47 FR 24266, June 4, 1982, as amended by Order 319, 48 FR 34888, Aug. 1, 1983; Order 436, 50 FR 42490, Oct. 18, 1985]

### § 157.204 Application procedure.

(a) *Who may apply.* Any interstate pipeline which has been issued a certificate other than a limited-jurisdiction certificate, pursuant to section 7 of the Natural Gas Act and had rates accepted by the Commission may apply for a blanket certificate under this subpart in the manner prescribed in §§ 157.6(a), 157.14(a) and 385.2011 of this chapter.

(b) *Hearing procedure.* Upon receiving an application for a blanket certificate under this subpart, the Commission will conduct a hearing pursuant to section 7(c) of the Natural Gas Act and §§ 1.32 and 157.11 of this chapter.

(c) *Issuance.* If required by the present or future public convenience and necessity, the Commission will issue a blanket certificate to the applicant.

(d) *Application contents.* Applications for blanket certificates shall contain:

(1) Information indicating the exact legal name of the applicant; its principal place of business; whether the applicant is an individual, partnership, corporation or otherwise; citation to the certificate proceeding in which the applicant was found to be a natural gas company; the state under the laws of which the applicant is organized or authorized to do business; and the name, title, and mailing address and telephone number of the person or persons to whom communications concerning the application are to be addressed;

(2) A list of outstanding budget-type certificates issued to the applicant pursuant to § 157.7;

(3) A statement that the applicant will comply with the terms, conditions and procedures specified in this subpart;

(4) A list of any currently effective rate schedules which would apply to any service authorized by § 157.210 or § 157.213 and an explanation of the treatment of revenues under such rate schedules.

(5) A list of all on-going storage field tests which were commenced under a budget-type certificate issued under § 157.7(d).

(e) *Filing fees.* Each application for a blanket certificate under this subpart must be accompanied by the fee prescribed by Part 381 of this chapter or a petition for waiver pursuant to § 381.106 of this chapter.

[Order 234, 47 FR 24266, June 4, 1982, as amended by Order 319, 48 FR 34888, Aug. 1, 1983; Order 433, 50 FR 40345, Oct. 3, 1985; Order 436, 50 FR 42490, Oct. 18, 1985; Order 493, 53 FR 15030, Apr. 27, 1988]

### § 157.205 Notice procedure.

(a) *Applicability.* No activity described in §§ 157.208(b), 157.210, 157.211(a)(2), 157.212, 157.213(b), 157.214, 157.216(b) or 284.223(b) is authorized by a blanket certificate granted under this subpart or by Part 284, unless, prior to undertaking such activity:

(1) The notice requirements have been fulfilled in accordance with the provisions of this section; and

(2) Either (i) no protest has been filed pursuant to paragraph (e) of this section or, (ii) if a protest has been filed, it has been withdrawn pursuant to paragraph (g) of this section.

(b) *Contents.* In addition to the fee prescribed in paragraph (c) of this section, for any activity subject to the requirements of this section, the certificate holder must file with the Secretary of the Commission before October 31, 1989, an original and fifteen copies, and on or after October 31, 1989, as prescribed in §§ 157.6(a) and 385.2011 of this chapter, a request for authorization under the notice procedures of this section that contains:

(1) The exact legal name of the certificate holder and mailing address and telephone number of the person or persons to whom communications concerning the request are to be addressed;

(2) The docket number in which its blanket certificate was issued;

(3) Any information required in § 157.208 through § 157.218 of this chapter for the particular activity;

(4) A verified statement that the proposed activity complies with the requirements of this subpart;

(5) A form of notice suitable for publication in the FEDERAL REGISTER which briefly summarizes the facts contained in the request with sufficient particularity so as to notify the public of its scope and purpose; and

(6) Identities and docket numbers of other applications related to the transaction. All related filings must be made within 10 days of the first filing. Otherwise the applications on file will be rejected under paragraph (d) of this section without prejudice to refiling when all parties are ready to proceed.

(c) *Fees.* The certificate holder must file the fee prescribed in § 381.208 of this chapter or a petition for waiver pursuant to § 381.106 of this chapter, except that no fee will be assessed for abandonment activities under § 157.216(b) of this chapter or for transportation under § 284.223(b) of this chapter, if the fee required under § 284.223(d) for the initial report has previously been paid for existing transportation authorized by § 284.223(a) of this chapter.

(d) *Rejection of request.* The Director of the Office of Pipeline and Producer Regulation may reject at any time a request which patently fails to comply with the provisions of paragraph (b) of this section.

(e) *Publication of notice of request.* Unless the request has been rejected pursuant to paragraph (c) of this section, the Secretary of the Commission shall publish a notice of the request in the FEDERAL REGISTER as soon as it is practicable. The notice shall designate a deadline for filing protests or interventions to the request. The deadline shall be 45 days after the date of issuance of the notice of the request.

(f) *Protests.* (1) Any person or the Commission's staff may file a protest prior to the deadline. Copies of the protest must be served on the Secretary of the Commission and the certificate holder.

(2) Protests shall be filed in the following form:

UNITED STATES OF AMERICA BEFORE
THE FEDERAL ENERGY REGULATORY COMMISSION

[Name of pipeline holding blanket certificate]

Docket No. [Include both docket no. of the blanket certificate and the prior notice transaction]

PROTEST TO PROPOSED BLANKET CERTIFICATE ACTIVITY

(Name of Protestor) hereby protests the request filed by (Name of pipeline) to conduct a (sale, transportation, construction of facilities, abandonment, etc.) under § 157.- of the Commission's regulations. Protestor seeks to have this request processed as a separate application.

(Include a brief statement of Protestor's interest in the activity and the grounds for the objection and whether the protestor seeks to be an intervenor.)

(g) *Effect of protest.* If a protest is filed in accordance with paragraph (e) of this section, then the certificate holder, the person who filed the protest, any intervenors, and staff shall have 30 days from the deadline determined in accordance with paragraph (d) of this section, to resolve the protest, and to file a withdrawal of the protest pursuant to paragraph (g) of this section. Informal settlement conferences may be convened by the Director of the Office of Pipeline and Producer Regulation or his designee. If a protest is not withdrawn pursuant to paragraph (g) of this section, the activity shall not be deemed authorized by the blanket certificate. Instead, the request filed by the certificate holder shall be treated as an application for section 7 authorization for the particular activity. The FEDERAL REGISTER notice of the request shall be deemed to be notice of the section 7 application sufficient to fulfill the notice requirement of §§ 157.9 and 157.10.

(h) *Withdrawal of protests.* The protestor may withdraw a protest within the 30 day period following the deadline determined in accordance with paragraph (d) of this section by submitting written notice of withdrawal to the Secretary of the Commission and serving a copy on the certificate holder, any intervenors and any other party requesting service. The withdrawal must state that the certificate holder, the protestor, and staff concur in the withdrawal.

(i) *Final authorization.* (1) If no protest is filed within the time allowed by the Secretary, the certificate holder is authorized to conduct the activity under its blanket certificate, effective on the day after time expires for filing protests and interventions unless, during that time, the certificate holder withdraws its application in accordance with § 385.216 of this chapter.

(2) If any protest is filed within the time allowed for protest and interventions and is subsequently withdrawn under paragraph (g) of this section, the certificate holder is authorized to conduct the activity under its blanket certificate, effective upon the day after the withdrawal of all protests, unless the certificate holder withdraws its application in accordance with § 385.216 of this chapter prior to that date.

[Order 234, 47 FR 24266, June 4, 1982, as amended by Order 234-A, 47 FR 38877, Sept. 3, 1982; Order 319, 48 FR 34888, Aug. 1, 1983; Order 436, 50 FR 42490, Oct. 18, 1985; Order 494, 53 FR 15381, Apr. 29, 1988; Order 493-B, 53 FR 49653, Dec. 9, 1988]

### § 157.206 Standard conditions.

Any activity authorized under a blanket certificate issued under this subpart is subject to the following conditions:

(a) *Revisions.* (1) The Commission reserves the right to amend the requirements of this subpart from time to time.

(2) The blanket certificate is not transferable in any manner and shall be effective only so long as the certificate holder continues the activities authorized by the order issuing such certificate and does so in accordance with the provisions of the Natural Gas Act, as well as applicable rules, regulations, and orders of the Commission.

(b) *Production-related costs.* At such time as the certificate holder proposes to recover in its rates any costs incurred by it to compress, process, treat, or gather natural gas purchased or transported by it, the certificate holder may be required to prove that the activity which engendered those costs was prudent. In determining prudence, the Commission will apply the statement of policy set out under § 2.102 of this chapter.

(c) *Liquids, liquefiable hydrocarbons and non-hydrocarbon constituents.* To the extent that the certificate holder transports liquids and liquefiable hydrocarbons or non-hydrocarbon constituents other than natural gas which are ultimately removed from the natural gas stream pursuant to the blanket certificate, or uses facilities authorized by the blanket certificate for the transportation of such substances, the issuance of the blanket certificate is without prejudice to a determination of the proper apportionment of costs between:

(1) The transportation and handling of liquids and liquefiable hydrocarbons or non-hydrocarbon constituents which are ultimately removed from the gas stream; and

(2) The transportation and handling of natural gas; at the time that the certificate holder files to include in its natural gas rates the costs associated with the facilities or the activities authorized herein, or in any proceeding where the apportionment of the certificate holder's costs to liquids and liquefiable hydrocarbons or non-hydrocarbon constituents is at issue.

(d) *Environmental compliance.* (1) The certificate holder shall adopt the guidelines set forth in § 2.69 of this chapter for all activities authorized by the blanket certificate and shall issue the relevant portions thereof to construction personnel, instructing them to use these guidelines.

(2) All activities shall be consistent with all applicable law including the provisions of the following statutes and regulations or compliance plans developed to implement these statutes:

(i) Clean Water Act, as amended (33 U.S.C. 1251 *et seq.*) and the National Pollution Discharge Elimination System Program, 40 CFR Part 122 *et seq.*;

(ii) Clean Air Act, as amended (42 U.S.C. 1801 *et seq.*) and air quality regulations and state implementation plans adopted pursuant to 40 CFR Parts 50-99;

(iii) National Historic Preservation Act of 1966 (16 U.S.C. 470 *et seq.*);

(iv) Archeological and Historic Preservation Act of 1974 (Pub. L. 93-291);

(v) Coastal Zone Management Act of 1972, as amended (16 U.S.C. 1451 *et seq.*);

(vi) Endangered Species Act of 1973, Pub. L. 93-205, as amended (16 U.S.C. 1531 *et seq.*);

(vii) Executive Order 11988, May 24, 1977 requiring Federal agencies to evaluate the potential effects of any actions it may take on a floodplain;

(viii) Executive Order 11990, May 24, 1977 requiring an evaluation of the potential effects of construction on wetland;

(ix) Wild and Scenic Rivers Act (16 U.S.C. 1274 *et seq.*);

(x) National Wilderness Act (16 U.S.C. 1133 *et seq.*);

(xi) National Parks and Recreation Act of 1978 (16 U.S.C. 1 and 230 *et seq.*).

(3) The certificate holder shall be deemed in compliance with:

(i) Paragraph (d)(2)(vi) of this section only if it adheres to the procedures in Appendix I of this subpart in which case the Commission finds that endangered species and their critical habitat are protected in accordance with 16 U.S.C. 1536;

(ii) Paragraph (d)(2)(iii) of this section only if it adheres to the procedures in Appendix II of this subpart in which case the Commission finds that there is no effect on any property protected by 16 U.S.C. 470f;

(iii) Paragraph (d)(2)(v) of this section only if the appropriate state agency designated to administer the state's coastal zone management plan, prior to construction of the project, waives its right of review or determines that the project complies with the state's coastal zone management plan.

(4) Any transaction authorized under a blanket certificate shall not have a significant adverse impact on a sensitive environmental area.

(5) The noise attributable to any compressor facility installed pursuant to the blanket certificate shall not exceed a day-night sound level ($L_{dn}$) of 55 dB (A) at any noise-sensitive area unless the noise-sensitive areas (such as schools, hospitals, or residences) are established after facility construction.

(6)(i) Any activity otherwise subject to authorization under § 157.208 shall not be authorized if the activity is located within 0.5 mile of a nuclear power plant which is either operating or under construction, or for which a construction permit has been filed with the Nuclear Regulatory Commission.

(ii) Any activity otherwise subject to authorization under § 157.215 shall not be authorized if the activity is located within 2.0 miles of a nuclear power plant which is either operating or under construction, or for which a construction permit has been filed with the Nuclear Regulatory Commission.

(7) The certificate holder shall act as the Commission's non-Federal representative upon acceptance of the blanket certificate for purposes of complying with the Endangered Species Act of 1973.

(e) *Budget-type certificates.* Upon the acceptance of a certificate issued pursuant to this subpart, the certificate holder shall surrender any currently effective budget-type certificate issued pursuant to § 157.7 of this part.

(f) *Commencement.* Any authorized construction, extension, or acquisition shall be completed and in actual operation by the certificate holder and any authorized operation, service or sale shall be actually undertaken within one year of the date the activity is authorized pursuant to § 157.205(h). The certificate holder may apply to the Director of the Office of Pipeline and Producer Regulation for an extension of this deadline.

(g) *Reports.* The certificate holder shall file reports as required by this subpart.

(h) *Treatment of revenues.* (1 Except as provided in paragraph (h)(2 and (3) of this section, all revenues received for storage services authorized under § 157.213 or for sales for resale authorized under § 157.210 in excess of an allowance of one cent per MMBtu shall be credited to Account No. 191 and flowed back to the certificate holder's customers.

(2) A certificate holder is not required to credit revenues to Account No. 191 pursuant to paragraph (h)(1) of this section:

(i) If representative levels of revenues attributable to such services have been credited in arriving at a test period cost of service; or

(ii) If representative levels of volumes for such services have been included in billing determinants for the purposes of establishing rates.

(3) The certificate holder may elect to forego the one cent per MMBtu allowance provided in paragraph (h)(1) of this section. If the certificate holder so elects, it is not required to credit to Account No. 191 any amount which, upon application, is demonstrated to represent the out-of-pocket expenses of the certificate holder in connection with a transaction authorized under this subpart.

[Order 234, 47 FR 24266, June 4, 1982, as amended by Order 234-A, 47 FR 38877, Sept. 3, 1982; Order 436, 50 FR 42490, Oct. 18, 1985]

### § 157.207 General reporting requirements.

On or before May 1, of each year, the certificate holder must file, in the manner prescribed in §§ 157.6(a) and 385.2011 of this chapter, an annual report signed under oath by a senior official of the company, that lists for the previous calendar year:

(a) For each new facility authorized as by § 157.208, the information specified in § 157.208(e);

(b) For each sales tap authorized under § 157.211(a)(1), the information required by § 157.211(c);

(c) For each storage service authorized under § 157.213(a), the information specified in § 157.213(c);

(d) For each storage project tested or developed under § 157.215, the information specified in § 157.215(b)(1);

(e) For each abandonment authorized under § 157.216(a), the information specified in § 157.216(d);

(f) For each change in rate schedule authorized under § 157.217, the information specified in § 157.217(b);

(g) For each change in customer name authorized under § 157.218, the information specified in § 157.218(b); and

(h) If any activity required to be reported under this section was not undertaken, a statement to that effect.

[Order 436, 50 FR 42490, Oct. 18, 1985, as amended by Order 493, 53 FR 15030, Apr. 27, 1988]

### § 157.208 Construction, acquisition, operation, and miscellaneous rearrangement of facilities.

(a) *Automatic authorization.* If the project cost does not exceed the cost limitations set forth in column 1 of Table I, under paragraph (d) of this section, the certificate holder is authorized to (1) make miscellaneous rearrangements of any facility, or (2) acquire, construct, or operate any eligible facility.

(b) *Prior notice.* If the project cost is greater than the amount specified in column 1 of Table I, but less than the amount specified in column 2 of Table I, the certificate holder is authorized to (1) make miscellaneous rearrangements of any facility, or (2) acquire, construct, or operate any eligible facility.

(c) *Contents of request.* In addition to the requirements of § 157.205(b), requests filed for activities described under paragraph (b) of this section shall contain:

(1) A description of the purpose of the proposed facilities including their relationship to other existing or planned facilities;

(2) A detailed description of the proposed facilities specifying length, diameter, wall thickness and maximum operating pressure for pipeline; and for compressors, the size, type, and number of compressor units, horsepower required, horsepower existing and proposed, volume of fuel gas, suction and discharge pressure and compression ratio;

(3) A USGS 7½ minute series (scale 1:24000) topographic map (or map of equivalent or greater detail, as appropriate) showing the location of the

proposed facilities, and indicating the location of any sensitive environmental areas within one-quarter mile of project-related construction activities;

(4) A map showing the relationship of the proposed facilities to the applicant's existing facilities;

(5) A flow diagram or comparative study showing daily design capacity, daily maximum capacity and operating pressures with and without the proposed facilities for that portion of the certificate holder's system affected by the proposal;

(6) Gas supply and market data or studies, or other circumstances, supporting the need for the proposed facilities;

(7) The estimated cost and method of financing the proposed facilities;

(8) A statement clearly showing the effect on the certificate holder's operating revenues and operating expenses of the estimated revenues and expenses related to the proposed facilities;

(9) A statement explaining how the public convenience and necessity requires the approval of the project;

(10) For acquisitions of facilities:

(i) A statement referencing the date of issuance, docket number and title of the proceeding for any certificate issued by the Commission authorizing the facilities proposed to be acquired; and

(ii) The amounts recorded in the accounts of the vendor (seller or lessor) that apply to the facilities proposed to be acquired and the accumulated provisions for depreciation, depletion, and amortization;

(11) A concise analysis discussing the relevant issues outlined in Appendix A of Part 380 of this chapter. The analysis must identify the existing environmental conditions and the expected significant impacts that the proposed action, including proposed mitigation measures, will cause to the quality of the human environment, including impact expected to occur to sensitive environmental areas. When compressor facilities are proposed, the analysis must also describe how the proposed action will be made to comply with applicable State Implementation Plans developed under the Clean Air Act. The analysis must also include a description of the contacts made, reports produced, and results of consultations which took place to ensure compliance with the Endangered Species Act, National Historic Preservation Act and the Coastal Zone Management Act.

(d) *Limits and inflation adjustment.* The limits specified in Tables I and II shall be adjusted each calendar year to reflect the "GNP implicit price deflator" published by the Department of Commerce for the previous calendar year. The Director of the Office of Pipeline and Producer Regulation is authorized to compute and publish limits for future calendar years as a part of Tables I and II, pursuant to § 375.307(t) of this chapter.

TABLE I

| Year | Limit | |
|---|---|---|
| | Auto. proj. cost limit (col. 1) | Prior notice proj. cost lim (col. 2) |
| 1982 | $4,200,000 | $12,000,00 |
| 1983 | 4,500,000 | 12,800,00 |
| 1984 | 4,700,000 | 13,300,00 |
| 1985 | 4,900,000 | 13,800,00 |
| 1986 | 5,100,000 | 14,300,00 |
| 1987 | 5,200,000 | 14,700,00 |
| 1988 | 5,400,000 | 15,100,00 |
| 1989 | 5,600,000 | 15,600,00 |

(e) *Reporting requirements.* For each facility completed during a calendar year pursuant to this section, the certificate holder shall file in the manner prescribed in §§ 157.6(a) and 385.2011 of this chapter as part of the required annual report under § 157.207(a) the following information:

(1) A description of the facilities installed pursuant to this section, including a description of the length and size of pipelines, compressor horsepower, metering facilities, taps, valves and any other facilities constructed;

(2) The specific purpose, location and completion date of the facilities installed, and, if applicable, a statement indicating the extent to which the facilities were jointly constructed;

(3) The actual installed cost of each facility item listed pursuant to paragraph (e)(1), separately stating the cost of materials and labor as well as other costs allocable to the facilities;

(4) The estimated gas supply in Mcf at 14.73 psia made available to the certificate holder by means of the described facilities;

(5) The names of the fields connected;

(6) The specific location of the supply source or well attached if the attachment is for gas owned or produced by the certificate holder;

(7) The names of the independent producers, other sellers or intrastate pipelines from whom the gas is being purchased or received, together with the respective dates of their gas sales or transportation contracts and any FERC authorization or gas rate schedule designations if the facility is to receive gas purchased by the applicant;

(8) A description of the contacts made, reports produced, and results of consultations which took place to ensure compliance with the Endangered Species Act, the National Historic Preservation Act and the Coastal Zone Management Act;

(9) For acquisitions of facilities:

(i) A statement referencing the date of issuance, docket number and title of the proceeding for any certificate issued by the Commission authorizing the facilities acquired; and

(ii) The amounts recorded in the accounts of the vendor (seller or lessor) that apply to the facilities acquired and the accumulated provisions for depreciation, depletion, and amortization.

(f) *Special conditions.* (1) For purposes of comparing the project cost of leased facilities with the per-project cost limitations in Table I of this section, the project cost of leased facilities shall be the annual lease charge multiplied by the number of years of the lease.

(2) In the interest of safety and reliability of service, facilities authorized by the certificate shall not be operated at pressures exceeding the maximum operating pressure set forth in the request. In the event the certificate holder thereafter wishes to change such maximum operating pressure it shall file an appropriate request pursuant to the procedures set forth in § 157.205(b). Such request shall include the reasons for the proposed change. Nothing contained herein authorizes the certificate holder to operate any facility at a pressure above the maximum prescribed by state law, if such law requires a lower pressure than authorized hereby.

(g) If the actual cost of the project exceeds the per-project cost authorized under a blanket certificate in Table I of this section, the certificate holder shall apply to the Director of the Office of Pipeline and Producer Regulation for a waiver of those project cost limits.

[Order 234, 47 FR 24266, June 4, 1982, as amended by Order 486, 52 FR 47910, Dec. 17, 1987; Order 493, 53 FR 15030, Apr. 27, 1988; 54 FR 6120, Feb. 8, 1989]

### § 157.209 [Reserved]

### § 157.210 Sales for resale.

(a) *Prior notice.* Subject to the notice requirements of § 157.205, the certificate holder is authorized to sell natural gas in interstate commerce for resale, if:

(1) The buyer is an interstate pipeline acquiring the gas for its system supplies;

(2) The sale does not exceed a period of one year;

(3) The certificate holder has a surplus of gas supplies that is in excess of the amount required to serve the certificate holder's existing on-system customers and that is at least equal to the volumes to be sold in the proposed transaction;

(4) The sale is made at the higher of the certificate holder's:

(i) System average load factor rate (based upon the rates in effect at the time the request is filed pursuant to § 157.205); or

(ii) Average section 102 gas acquisition cost (based upon the certificate holder's most recent purchased gas adjustment filing at the time the request is filed pursuant to § 157.210);

(5) The sale does not involve the sale of any natural gas acquired by the certificate holder solely or primarily for the purpose of making a sale under this section;

(6) The buyer is not an interstate pipeline authorized to sell gas to the certificate holder during the duration of the sale;

(7) The certificate holder has actual or potential take or pay liability; and

(8) The sale is subject to interruption by the certificate holder to the extent that natural gas subject to the sale is required to provide adequate service to the certificate holder's on-system customers at the time of the sale.

(b) *Contents of request.* In addition to the requirements of § 157.205(b), requests filed for activities described in paragraph (a) of this section shall contain:

(1) The identity of the seller and buyer;

(2) The dates of commencement and anticipated termination of the sale;

(3) The estimated total and daily quantities (in MMBtu's) of natural gas to be sold in the transaction;

(4) The rate to be charged and the applicable rate schedules;

(5) An affidavit that service pursuant to the sale is subject to interruption to the extent that natural gas subject to the sale under this section is required to enable the certificate holder to provide adequate service to its on-system customers;

(6) The total quantity of gas being sold in transactions authorized by this section at the time of the request;

(7) A copy of the contract, if the identity of the buyer is known;

(8) A statement quantifying the extent of actual or potential take-or-pay liability;

(9) A gas supply/requirements balance demonstrating a sufficient surplus such that service to the certificate holder's on-system customers will not be affected by the proposed sale; and

(10) Identification of delivery points.

[Order 319, 48 FR 34890, Aug. 1, 1983]

### § 157.211 Sales taps.

(a) *Construction and operation*—(1) *Automatic authorization.* The certificate holder may construct and operate sales taps for the delivery of gas to an end-user, if:

(i) The natural gas is ultimately delivered to, and consumed by, a right-of-way grantor; and

(ii) Not more than 200 MMBtu of natural gas per day are to be delivered to the right-of-way grantor.

(2) *Prior notice.* Subject to the notice procedure of § 157.205, the certificate holder may construct and operate sales taps for service to end-users other than a right-of-way grantor, if:

(i) The natural gas is ultimately consumed by an end-user that is, or will be, served directly or indirectly from the general system supply of the certificate holder, or the natural gas is being delivered to a shipper for whom the certificate holder is, or will be, authorized to transport gas;

(ii) The volumes delivered are within the certificated entitlements of the customer; and

(iii) The certificate holder's tariffs do not prohibit the addition of new delivery points.

(b) *Contents of request.* In addition to the requirements of § 157.205(b), requests for activities authorized under paragraph (a)(2) must contain:

(1) The name of any distributor or the end-user and the location of all proposed sales taps;

(2) The authority for the current service to the distributor or end-user;

(3) The quantity of gas to be delivered through the proposed facility;

(4) The rate or rate schedules applicable to the service made through the proposed tap; and

(5) A description, with supporting data, of the impact of the service rendered through the proposed sales tap upon the certificate holder's peak day and annual deliveries.

(c) *Reporting requirements.* As part of the certificate holder's annual report of projects authorized under paragraph (a)(1) of this section, the certificate holder must report in the manner prescribed in §§ 157.6(a) and 385.2011 of this chapter:

(1) The name of the end-user;

(2) The maximum daily volumes to be sold; and

(3) The actual cost of the sales tap and date placed in service.

(d) *Indirect customers.* The authorization in paragraphs (a) and (b) of this section applies irrespective of whether the certificate holder sells the natural gas directly to the end-user or the natural gas is delivered to the end-user for the account of a local distribution company.

[Order 436, 50 FR 42491, Oct. 18, 1985, as amended by Order 493, 53 FR 15030, Apr. 27, 1988]

### § 157.212 Changes in delivery points.

(a) *Prior notice.* Subject to the notice requirements of § 157.205, the certificate holder is authorized to add new delivery points for a customer or to reassign volumes of gas to be delivered from one of the customer's delivery points to another, and to construct and operate any appurtenant facilities, if:

(1) The total volumes to be delivered to the customer after the request do not exceed the total volumes authorized prior to the request;

(2) The change is not prohibited by an existing tariff of the certificate holder; and

(3) The certificate holder has sufficient capacity to accomplish the deliveries specified under the amendment without detriment or disadvantage to the certificate holder's other customers.

(b) *Contents of request.* In addition to the requirements of § 157.205(b), requests filed for activities described under paragraph (a) shall contain:

(1) The name of the customer;

(2) The location of the delivery points;

(3) The present and proposed quantities of natural gas to be delivered at each of the affected delivery points and the end-use of the gas; and

(4) A description, with supporting data, of the impact of the proposed changes in delivery points on the certificate holder's peak day and annual deliveries.

[Order 234, 47 FR 24266, June 4, 1982, as amended by Order 234-A, 47 FR 38877, Sept. 3, 1982]

### § 157.213 Storage services.

(a) *Automatic authorization.* The certificate holder is authorized to provide contract storage services and any incidental transportation on behalf of any person, if:

(1) The storage service is within the certificated capacity of the certificate holder's existing storage facilities;

(2) The storage arrangement does not exceed a period of two years;

(3) The rates charged for the storage and transportation service are covered by a currently effective rate schedule; and

(4) The contract for the storage service provides that the service under the contract shall be subject to the availability of capacity sufficient to provide the service without detriment or disadvantage to the certificate holder's existing customers who are dependent upon the certificate holder's general system supply.

(b) *Prior notice.* Subject to the notice requirements of § 157.205, the certificate holder is authorized to provide transportation and storage services specified in paragraph (a) for periods in excess of two years.

(c) *Contents of request and reporting requirements.* In any annual report filed for transactions under paragraph (a), and in any request for services authorized under paragraph (b), the certificate holder shall provide, in addition to the requirements of § 157.207(a) and § 157.205(b), the following information:

(1) The name of the customer;

(2) A copy of the storage service agreement;

(3) The location of the storage facility proposed to be used;

(4) The amount of storage capacity in the facility rendered under the contract, and the amount of uncommitted storage capacity remaining after executing the storage service agreement;

(5) Citation to the rate schedule applying to the storage service and a statement explaining the treatment of revenues under that rate schedule;

(6) The end-use of the gas involved in the transportation and storage services, to the extent it can be determined; and

(7) A description, with supporting data, of the impact of the proposed storage and incidental transportation service on the peak day and annual deliveries of the certificate holder and of the proposed recipient of the storage service if it is an interstate pipeline.

[Order 234, 47 FR 24266, June 4, 1982, as amended by Order 234-A, 47 FR 38877, Sept. 3, 1982]

### § 157.214 Increase in storage capacity.

(a) *Prior notice.* Subject to the notice requirements of § 157.205, the certificate holder is authorized to increase the maximum volume of natural gas authorized to be stored in a storage field to the extent that geological data and operating experience have demonstrated that a volume of natural gas greater than that currently certificated may be safely stored without the construction of additional facilities.

(b) *Contents of request.* In addition to the requirements of § 157.205(b), requests filed for activities described in paragraph (a) shall contain:

(1) Current and requested maximum storage capacity;

(2) Current and requested maximum storage pressure;

(3) Average depth of the storage formation;

(4) Copies of any geological or engineering studies that demonstrate the feasibility of the increase in storage volume; and

(5) A statement setting forth the purpose of the proposed increased capacity.

(c) *Reporting requirements.* For any storage facility whose capacity is increased pursuant to this section, the certificate holder shall submit, in the manner prescribed in § 385.2011 of this chapter, semi-annual reports (to coincide with the termination of the injection and withdrawal cycles) containing the information listed in subdivisions (1) through (8) of this paragraph. The certificate holder shall continue to file semi-annual reports until the storage inventory volume has reached, or closely approximates, the maximum specified in the request. Thereafter, the reports shall continue on a semi-annual basis for a period of one year. The filing of reports shall be discontinued thereafter unless otherwise ordered by the Commission. (Volumes shall be stated at 14.73 psia and 60° F, and pressures shall be stated in psia.)

(1) The daily volume of natural gas injected into and withdrawn from the storage reservoir.

(2) The volume of natural gas in the reservoir at the end of the reporting period.

(3) The maximum daily injection or withdrawal rate experienced during the reporting period and the average working pressure on such maximum days taken at a central measuring point where the total volume injected or withdrawn is measured.

(4) Results of any tracer program by which the leakage of injected gas may be determined. If the leakage of gas exists, the report should show the estimated total volume of gas leakage, the volume of recycled gas and the remaining inventory of gas in the reservoir at the end of the reporting period.

(5) Any surveys of pressures in gas wells, water levels in observation wells, pump test results for the aquifer-type reservoirs, and the results of back pressure tests conducted during the reporting period.

(6) The latest revised structure and isopachous contour maps showing the location of the wells, the location and extent of the gas bubble in the storage reservoir for aquifer-type reservoirs and in any other reservoirs of the project in which gas bubbles are known to exist. This map need not be filed if there is no material change from the map previously filed.

(7) Discussion of current operating problems and conclusions.

(8) Such other data or reports which may aid the Commission in the evaluation of the storage project.

[Order 234, 47 FR 24266, June 4, 1982 amended by Order 493, 53 FR 15030, Ap 27, 1988]

### § 157.215 Underground storage testing and development.

(a) *Automatic authorization.* The certificate holder is authorized to construct and operate natural gas pipeline and compression facilities for the testing or development of underground reservoirs for the possible storage of gas, if:

(1) The testing and development of a particular storage project will be completed within a three-year-period;

(2) The quantity of natural gas injected into the prospective storage fields pursuant to the blanket certificate does not exceed a total of 10,000,000 Mcf at any time in all fields

with no more than 2,000,000 Mcf injected into any single field;

(3) Gas will be injected for testing purposes only during off-peak periods;

(4) The storage field developed pursuant to this section will not be utilized to render service without further authorization from the Commission, except that gas may be withdrawn on occasion for testing purposes; and

(5) The total expenditures per calendar year pursuant to this section do not exceed the amount specified in Table II as adjusted pursuant to § 157.208(d). These costs shall include expenditures for leases, wells, pipeline, compressors, and related facilities, but shall exclude the cost of the natural gas to be used for testing purposes.

Table II

| Year | Limit |
|---|---|
| 1982 | $2,700,000 |
| 1983 | 2,900,000 |
| 1984 | 3,000,000 |
| 1985 | 3,100,000 |
| 1986 | 3,200,000 |
| 1987 | 3,300,000 |
| 1988 | 3,400,000 |
| 1989 | 3,500,000 |

(b) *Reporting requirements*—(1) *Annual reports.* For any storage project tested or developed pursuant to this section, the certificate holder shall file, in the manner prescribed in §§ 157.6(a) and 385.2011 of this chapter as part of the annual report required under § 157.207(a), the following information:

(i) A description of the facilities constructed and the type of storage reservoir, i.e., gas expansion or dry gas, water-drive or aquifer;

(ii) The location of the facilities;

(iii) The cost of such facilities and date placed in service;

(iv) The monthly volumes of gas injected into and withdrawn from each reservoir;

(v) An estimate of the storage capacity and daily deliverability of each project; and

(vi) A description of the contacts made, reports produced, and results of consultations which took place to ensure compliance with the Endangered Species Act, the National Historic Preservation Act and the Coastal Zone Management Act.

(2) *Quarterly reports.* If the reservoir to be tested and developed is an aquifer-type reservoir, the certificate holder shall file, in the manner prescribed in §§ 157.6(a) and 385.2011 of this chapter unless otherwise ordered by the commission, for each such project quarterly reports, under oath, until the project is either certificated for regular service or abandoned. The quarterly report shall contain the following information in addition to the data required by paragraph (b)(1) of this section:

(i) The daily volumes of natural gas injected into and withdrawn from the aquifer during the quarter and the volume of gas in the aquifer at the end of each month;

(ii) The maximum daily injection or withdrawal rate experienced during the quarter and the average working pressure on such maximum days taken at a central measuring point where the total volume injected or withdrawn is measured;

(iii) Results of any tracer program by which leakage of gas may be determined;

(iv) Any pressure surveys of gas wells and water levels in observation wells conducted during the quarter by individual well, and copies of any core analyses, gamma ray, neutron or other electric log surveys and back-pressure tests taken during the quarter;

(v) A map of the storage project showing the location of the wells, the latest revised structure contours, and the location and extent of the gas bubble. This map need not be filed if there is no material change from the map previously filed; and

(vi) Such other data or reports which may aid the Commission in the evaluation of the project.

(c) *Accounting.* The cost of any project ultimately determined to be infeasible for storage shall be charged to Account No. 822 of Part 201, Underground Storage Exploration and Development Expenses.

[Order 234, 47 FR 24266, June 4, 1982, as amended by Order 493, 53 FR 15030, Apr. 27, 1988; 54 FR 6120, Feb. 8, 1989]

**§ 157.216 Abandonment.**

(a) *Automatic authorization.* The certificate holder is authorized pursuant to section 7(b) of the Natural Gas Act to abandon gas supply facilities, if:

(1) The supplier has been authorized to abandon its sale; or

(2) No abandonment of the supplier's sale is required under the Natural Gas Act by operation of section 601(a)(1) of the NGPA.

(b) *Prior Notice.* Subject to the notice requirements of § 157.205, the certificate holder is authorized pursuant to section 7(b) of the Natural Gas Act to abandon any sales tap or lateral line and related facilities and service if all of the existing customers of the pipeline served through the sales tap or lateral line consent in writing to the abandonment. When filing a request for authorization of the proposed abandonment under the notice procedures of § 157.205, the certificate holder shall notify, in writing, the state public service commission having regulatory authority over retail sales to the indirect customers served through the sales tap or lateral line.

(c) *Contents of request.* In addition to the requirements of § 157.205(b), requests filed for activities described under paragraph (b) shall describe:

(1) The location of the subject facilities;

(2) The docket authorizing the construction and operation of the facilities to be abandoned;

(3) An oath statement that all of the customers served by the subject facilities have consented to the abandonment, or an explanation of why the customers' consent is not available; and

(4) A proposed accounting treatment of any facilities to be abandoned.

(d) *Reporting requirements.* The annual report filed by the certificate holder shall contain, for each abandonment authorized under paragraph (a) of this section:

(1) The name of the supplier;

(2) The docket numbers of the certificates authorizing the sale of gas and the construction and operation of the facilities to be abandoned;

(3) The accounting treatment of the facilities abandoned; and

(4) The date the facilities were actually abandoned.

[Order 234, 47 FR 24266, June 4, 1982, as amended by Order 234-A, 47 FR 38871, Sept. 3, 1982]

**§ 157.217 Changes in rate schedules.**

(a) *Automatic authorization.* The certificate holder is authorized to permit an existing customer, at the customer's request, to change from one rate schedule to another, if:

(1) The combined volumetric limitations on deliveries to the customer under both rate schedules are not increased, for either annual or peak day limitations; and

(2) The changes are consistent with the terms of effective tariffs on file with the Commission.

(b) *Reporting requirements.* In the annual report for any year in which the certificate holder has permitted an existing customer to change from one rate schedule to another pursuant to this section, the certificate holder shall state:

(1) The name of the customer;

(2) The rate schedules involved; and

(3) The effective date of the change.

[Order 234, 47 FR 24266, June 4, 1982]

**§ 157.218 Changes in customer name.**

(a) *Automatic authorization.* The effective certificates of the certificate holder may be amended to the extent necessary to reflect the change in the name of an existing customer, if:

(1) The change in customer name is the result of a corporate reorganization or acquisition;

(2) The certificate holder has filed any necessary conforming changes in its tariffs; and

(3) The customer's use of gas will not be affected.

(b) *Reporting requirements.* For each customer name change authorized during a calendar year, the certificate holder shall include as a part of its annual report:

(1) The old and new names of the customer; and

(2) A brief explanation of the reason for the name change.

[Order 234, 47 FR 24266, June 4, 1982]

## Appendix I to Subpart F—Procedures for Compliance with the Endangered Species Act of 1973 Under § 157.206(d)(3)(i)

The following procedures apply to any certificate holder which undertakes a project to be authorized under a blanket certificate issued pursuant to Subparts E or F of Part 157 and to any other service subject to § 157.206(d) of the Federal Energy Regulatory Commission's (Commission) regulations.

Pursuant to § 157.206(d)(7) of the Commission's regulations, the certificate holder shall, upon acceptance of its blanket certificate, be designated as the Commission's non-Federal representative to the U.S. Fish and Wildlife Service (FWS) and the National Marine Fisheries Service (NMFS) in order to conduct informal consultations with those agencies. For purposes of this appendix, "listed species" and "critical habitat" shall have the same meanings as set forth in 50 CFR 402.02. The certificate holder shall be deemed in compliance with § 157.206(d)(2)(vii) of the Commission's regulations only if, prior to constructing facilities or abandoning facilities by removal under the blanket certificate, it complies with the following procedures:

1. The certificate holder shall contact the appropriate regional office of either the FWS or the NMFS (or both the FWS and the NMFS, if appropriate) as determined pursuant to 50 CFR 402.01 for the purpose of initiating informal consultations.

2. The certificate holder shall be deemed in compliance with § 157.206(d)(2)(vii) of the Commission's regulations if the consulted agency (either the FWS or NMFS, or both if appropriate) initially determines, pursuant to the informal consultations:

(a) That no listed species or its critical habitat occur in the project area; and

(b) That no species proposed to be listed under 16 U.S.C. 1533 or its critical habitat occur in the project area.

3. If the consulted agency, pursuant to the informal consultations, initially determines that any species proposed to be listed under 16 U.S.C. 1533 or its critical habitat occur in the project area, then the certificate holder shall confer with the consulted agency on how potential impact can be avoided or reduced. Upon completion of the conference and the implementation of any mitigating measures the certificate holder elects to implement, and compliance with paragraph 4 of this Appendix, if applicable, the certificate holder shall be deemed in compliance with § 157.206(d)(2)(vii) of the Commission's regulations.

4. (a) If the consulted agency initially determines, pursuant to the informal consultations, that a listed species or its critical habitat may occur in the project area, then the certificate holder shall continue informal consultation with the consulted agency to determine if the proposed project may affect such species or habitat. Continued informal consultations may include discussions with experts (including experts provided by the consulted agency), field surveys, biological assessments, and formulation of mitigation measures.

(b) The certificate holder shall be deemed in compliance with § 157.206(d)(2)(vii) of the Commission's regulations if the consulted agency agrees with the certificate holder's determination resulting from the continued informal consultations, that the proposed project will not affect the listed species or its critical habitat.

(c) If the consulted agency does not agree with such determination by the certificate holder, or if the certificate holder concludes that the proposed project may affect listed species or the critical habitat of such species, then the certificate holder may not proceed with the proposed project under the blanket certificate.

[Order 234, 47 FR 24266, June 4, 1982, as amended by Order 436, 50 FR 42491, Oct. 18, 1985]

## Appendix II to Subpart F—Procedures for Compliance with the National Historic Preservation Act of 1966 Under § 157.206(d)(3)(ii)

The following procedures apply to any certificate holder which undertakes a project under the authority of a blanket certificate issued pursuant to Subparts E or F of Part 157 and to any other service subject to § 157.206(d) of the Federal Energy Regulatory Commission's (Commission) regulations. For the purposes of this appendix, the following definitions apply:

(a) "Listed property" means any district, site, building, structure or object which is listed (1) on the National Register of Historic Places, or (2) in the Federal Register as a property determined to be eligible for inclusion on the National Register.

(b) "SHPO" means the State Historic Preservation Officer or any alternative person duly designated to advise on cultural resource matters.

(c) "Unlisted property" means any district, site, building, structure or object which is not a listed property.

The certificate holder shall be deemed to be in compliance with § 157.206(d)(2)(iv) of the Commission's regulations only if, prior to constructing facilities or abandoning facilities by removal under the blanket certificate, it complies with the following procedures:

(1)(a) If federally administered land would be directly affected by the project, then the procedures used by the appropriate Federal land managing agency to comply with section 106 of the National Historic Preservation Act of 1966, 16 U.S.C. 470f, shall take precedence over these procedures. The procedures in this appendix apply to state and private lands, and Federal lands for which there are no other Federal procedures.

(b) If there is no SHPO or if the SHPO declines to consult with the certificate holder, the certificate holder shall so inform the Environmental Evaluation Branch, Office of Pipeline and Producer Regulation, of the Commission, and shall not proceed with these procedures or the project until an alternate consultant has been duly designated.

(2) It shall be the certificate holder's responsibility to identify or cause to be identified listed properties and unlisted properties that satisfy the National Register Criteria for Evaluation (36 CFR 1202.6), that are located within the area of the project's potential environmental impact and that may be affected by the undertaking.

(3) The certificate holder shall:

(a) Check the National Register of Historic Places and consult with the SHPO to identify all listed properties within the area of the project's potential environmental impact;

(b) Consult with the SHPO, and to the extent deemed appropriate by the SHPO, check public records and consult with other individuals and organizations with historical and cultural expertise, to determine whether unlisted properties that satisfy the National Register Criteria for Evaluation are known or likely to occur within the area of the project's potential environmental impact; and

(c) Consult with the SHPO to determine the need for surveys to identify unknown unlisted properties. The certificate holder shall evaluate the eligibility of any known unlisted properties located within the area of the project's potential environmental impact according to the National Register Criteria for Evaluation.

(4) The certificate holder shall be deemed in compliance with § 157.206(d)(2)(iv) of the Commission's regulations if the SHPO agrees with the certificate holder that no survey is required, and that no listed properties or unlisted properties that satisfy the National Register Criteria for Evaluation occur in the area of the project's potential environmental impact.

(5) If the SHPO determines that surveys are required to ensure that no listed properties, or unlisted properties that satisfy the National Register Criteria for Evaluation, occur within the area of the project's potential environmental impact, the certificate holder shall perform surveys deemed by th SHPO to be of sufficient scope and intens to identify and evaluate such propertie The certificate holder shall submit the r sults of the surveys including a statement to which unlisted properties satisfy the N tional Register Criteria for Evaluation the SHPO and solict comments on the su veys and the conclusions.

(6) The certificate holder shall be deeme in compliance with § 157.206(d)(2)(iv) of th Commission's regulations if, upon conc sion of the surveys, the certificate hold and the SHPO agree that no listed prop ties, and no unlisted properties which sat fy the National Register Criteria for Eval tion, occur in the area of the project's p tential environmental impact.

(7) For each listed property, and each u listed property which satisfies the Nation Register Criteria for Evaluation, which is cated within the area of the project's pote tial environmental impact, the certifica holder, in consultation with the SHP shall apply the Criteria of Effect (36 CF 800.3(a)) to determine whether the proje will have an effect upon the historical chitectural, archeological, or cultural cha acteristics of the property that qualified to meet National Register Criteria for Ev uation. The certificate holder shall deemed in compliance w § 157.206(d)(2)(iv) of the Commission's reg lations if the certificate holder and SHPO agree that the project will not aff these characteristics.

(8) If either the certificate holder or SHPO finds that the project may affec listed property or an unlisted prope which satisfies the National Register Cri ria for Evaluation, located within the a of the project's potential environmen impact, then the project shall not be thorized under the blanket certific unless such properties can be avoided by location of the project to an area where SHPO agrees that no listed properties unlisted properties that satisfy the Natio Register Criteria for Evaluation occur. certificate holder shall be deemed in comp ance with § 157.206(d)(2)(iv) of the Comm sion's regulations if the project is reloca as described above.

(9) If the certificate holder and the SHP are unable to agree upon the need fo survey, the adequacy of a survey, or the sults of application of the Criteria for Ev uation to an unlisted property, the proj shall not be authorized under the blan certificate.

[Order 234, 47 FR 24266, June 4, 198 amended by Order 436, 50 FR 42491, 18, 1985]

## Subpart G—Natural Gas Producer Blanket Authorization for Sales and Abandonment

### § 157.301 Blanket certificate authority, pre-granted abandonment, and reporting requirements.

(a) *Blanket certificate authority.* Any first seller of natural gas that is authorized to abandon the sale of gas under § 157.30 (c) or (d) or the good faith negotiation procedures set forth in § 270.201 of this chapter, is granted a certificate of public convenience and necessity to sell such gas for resale in interstate commerce, subject to the reporting requirements of paragraph (c) of this section.

(b) *Pre-granted abandonment.* Any first seller who sells natural gas under the blanket certificate authority of paragraph (a) of this section is authorized to abandon the sale upon termination of the contract under which the sale is made.

(c) *Reporting requirement.* Any first seller who makes sales under the blanket certificate authority of this section must file a report with the Commission not later than April 1 of each year providing the following information with respect to any sales under that certificate initiated during the preceding calendar year:

(1) Name of former purchaser;

(2) Name of new purchaser;

(3) Location of sale (field, block, county, state, etc.);

(4) Contract date;

(5) Contract term;

(6) Average price; and

(7) Estimated annual sales volume (mcf).

(d) *Waiver of rate filing requirements.* The rate filing requirements of §§ 154.92 and 154.94 of this chapter are waived for sales under a certificate granted by this section.

[Order 451, 51 FR 22218, June 18, 1986, as amended by Order 490, 53 FR 4133, Feb. 12, 1988; Order 451-A, 53 FR 7504, Mar. 9, 1988; 53 FR 8176, Mar. 14, 1988]

# PART 158—ACCOUNTS, RECORDS, AND MEMORANDA

ADJUSTMENTS OF ACCOUNTS AND REPORTS

Sec.
158.1 Notice of deficiencies.
158.2 Response to notification.
158.3 Facts and argument.
158.4 Form and style.
158.5 Verification.
158.6 Determination.
158.7 Assignment for oral hearing.
158.8 Burden of proof.

CERTIFICATION OF COMPLIANCE WITH ACCOUNTING REGULATIONS

158.10 Examination of accounts.
158.11 Report of certification.
158.12 Qualifications of accountants.

AUTHORITY: Department of Energy Organization Act, 42 U.S.C. 7102-7352 (1982); E.O. 12009, 3 CFR 142 (1978); Natural Gas Policy Act, 15 U.S.C. 3301-3432 (1982).

SOURCE: Order 141, 12 FR 8603, Dec. 19, 1947, unless otherwise noted.

## ADJUSTMENTS OF ACCOUNTS AND REPORTS

### § 158.1 Notice of deficiencies.

If, as the result of an examination by a representative of the Commission of the accounts of a person subject to the Act and to the Commission's accounting requirements, or of an examination of any statement or report submitted by such person, it appears that the accounts, or any books or records pertaining to or in support thereof, are not being kept and maintained as required by the Commission, or that the statements or reports prepared and submitted are not in proper form, the failure or deficiency will be called to the attention of such person either formally or informally as the circumstances appear to warrant.

### § 158.2 Response to notification.

If, as the result of such formal or informal notice, the matter is not adjusted within the time fixed by said notice, or within a reasonable time in case no date is specified, or if there is a disagreement between such person and the Commission or its representative respecting the application or interpretation of the Act or requirements of the Commission with respect to the matter at issue, such person will be requested to advise the Commission in writing within a time to be specified whether it consents to the disposition of the questions involved under the shortened procedure hereinafter provided.

### § 158.3 Facts and argument.

If the person consents to the matter being handled under such shortened procedure, the person and any other parties interested, including representatives of the Commission, shall submit to the Commission, within 30 days after the receipt of notice from the Commission to do so, a memorandum of the facts and, separately stated, of the argument relied upon, to sustain the position taken respecting the matter at issue together with copies in sufficient number to enable the Commission to retain three copies for its own use and make service in accordance with § 385.2010 of this chapter upon all parties designated in said notice. Twenty days will be allowed in which to file a reply by any party who filed an original memorandum.

[Order 141, 12 FR 8603, Dec. 19, 1947, as amended by Order 225, 47 FR 19057, May 3, 1982]

### § 158.4 Form and style.

Each memoranda must be complete in itself. All pertinent data should be set forth fully, and each memorandum should set out the facts and argument as prescribed for briefs in § 385.706 of this chapter.

[Order 141, 12 FR 8603, Dec. 19, 1947, as amended by Order 225, 47 FR 19057, May 3, 1982]

### § 158.5 Verification.

The facts stated in the memorandum must be sworn to by persons having knowledge thereof, which latter fact must affirmatively appear in the affidavit. Except under unusual circumstances, such persons should be those who would appear as witnesses if hearing were had to testify as to the facts stated in the memorandum.

### § 158.6 Determination.

If no formal hearing is had the matter in issue will be determined by the Commission on the basis of facts and arguments submitted.

### § 158.7 Assignment for oral hearing.

In case consent to the shorten procedure is not given, or if at stage of the proceeding prior to submission of the case to the Comm sion any party in interest requests hearing, the proceeding will be signed for hearing as provided for Subpart E of Part 385 of this chapte The Commission may also in its discr tion set the proceeding for hearing its own motion at any stage thereof.

[Order 141, 12 FR 8603, Dec. 19, 1947, amended by Order 225, 47 FR 19057, Ma 1982]

### § 158.8 Burden of proof.

The burden of proof to justify eve accounting entry shall be on person making, authorizing, or requ ing such entry.

## CERTIFICATION OF COMPLIANCE WIT ACCOUNTING REGULATIONS

### § 158.10 Examination of accounts.

(a) All Major and Nonmajor natu gas companies not classifed as Clas or Class D prior to January 1, 19 shall secure for the year 1968 and ea year thereafter until December 1975, the services of an independe certified public accountant, or ind pendent licensed public accounta certified or licensed by a regulato authority of a State or other politi subdivision of the United States, test compliance in all material respe of those schedules as are indicated the General Instructions set out in Annual Report, Form No. 2, with Commission's applicable Unifo System of Accounts and published counting releases. The Commission pects that identification of questi able matters by the independent countant will facilitate their early olution and that the independent countant will seek advisory rulings the Commission on such items. T examination shall be deemed supp mentary to periodic Commission aminations of compliance.

(b) Beginning January 1, 1976, each year thereafter, only indepe ent certified public accountants, or independent licensed public accountants who were licensed on or before December 31, 1970, will be authorized to conduct annual audits and to certify to compliance in all material respects, of those schedules as are indicated in the General Instructions set out in the Annual Report, Form No. 2, with the Commission's applicable Uniform System of Accounts, published accounting releases and all other regulatory matters.

Sec. 10, 52 Stat. 826; 15 U.S.C. 717i)

Order 462, 37 FR 26006, Dec. 7, 1972, as mended by Order 390, 49 FR 32515, Aug. 4, 1984]

### 158.11 Report of certification.

Each Major or Nonmajor natural gas ompany not classifed as Class C or Class D prior to January 1, 1984 shall ile with the Commission a letter or eport of the independent accountant ertifying approval, together with or within 30 days after the filing of the Annual Report, Form No. 2, covering he subjects and in the form precribed in the General Instructions of he Annual Report. The letter or eport shall also set forth which, if ny, of the examined schedules do not onform to the Commission's requirements and shall describe the discrepancies that exist. The Commission hall not be bound by a certification of ompliance made by an independent ccountant pursuant to this pararaph.

Sec. 10, 52 Stat. 826; 15 U.S.C. 717i)

Order 356, 33 FR 143, Jan. 5, 1968, as mended by Order 390, 49 FR 32516, Aug. 1, 1984]

### 158.12 Qualifications of accountants.

The Commission will not recognize ny certified public accountant or ublic accountant through December 1, 1975, who is not in fact independnt. Beginning January 1, 1976, and ach year thereafter, the Commission ill recognize only independent certied public accountants, or independnt licensed public accountants who ere licensed on or before December 1, 1970, who are in fact independent. or example, an accountant will not e considered independent with respect to any person or any of its parents or subsidiaries in who he has, or had during the period of report, any direct financial interest. The Commission will determine the fact of independence by considering all the relevant circumstances including evidence bearing on the relationships between the accountant and that person or any affiliate thereof.

(Sec. 10, 52 Stat. 826; 15 U.S.C. 717i)

[37 FR 26006, Dec. 7, 1972]

## PART 159—FEES AND ANNUAL CHARGES UNDER THE NATURAL GAS ACT

AUTHORITY: Department of Energy Organization Act, 42 U.S.C. 7102-7352 (1982); E.O. 12009, 3 CFR 142 (1978); Independent Appropriations Act, 31 U.S.C. 9701 (1982); Natural Gas Act, 15 U.S.C. 717-717w (1982); 43 U.S.C. 1334(c)(1982); E.O. 10485, 3 CFR 970 (1949-1953).

### § 159.2 Applications filed prior to November 4, 1985 involving the construction or acquisition of facilities pursuant to section 7 of the NGA, and projects completed prior to November 4, 1985 involving the construction or acquisition of facilities pursuant to a blanket certificate.

Except as provided in paragraph (e) of this section, applicants for a certificate of public convenience and necessity under section 7 (c) and (e) of the Act to construct and operate or acquire and operate facilities shall pay the following fees:

(a) Within 30 days following issuance of notice of application, an amount equal to sixty-five one-thousandths of 1 percent (0.00065) of the estimated cost of construction of new facilities or of facilities to be acquired;

(b) Within 30 days following grant of the certificate, an amount equal to one hundred and thirty one-thousandths of 1 percent (0.00130) of the estimated cost of construction of new facilities or of facilities to be acquired, unless applicant does not accept the certificate.

(c) If an amendment to a pending application increases the total estimated cost of construction of new facilities or of facilities to be acquired, an additional amount, computed with respect to the increase as provided in paragraph (a) of this section, shall accompany the filing of the amendment.

(d) If the actual cost of construction of new facilities or of facilities to be acquired exceeds the estimated cost thereof, the statement of actual cost, required to be submitted by § 157.20(c)(4) and (d)(3) of this chapter, shall be accompanied by an amount equal to one-hundred and ninety-five one-thousandths of 1 percent (0.00195) of the excess of actual cost (plus estimated cost of facilities for which actual cost is not then recorded on the books of applicant) above estimated cost.

(e) No fee shall be required under this section where the estimated cost of the facilities to be constructed or acquired is less than $7,000.

[Order 317-A, 31 FR 4890, Mar. 24, 1966, as amended by Order 427, 36 FR 5598, Mar. 25, 1971; Order 433-A, 51 FR 43607, Dec. 3, 1986]

## PART 160—FILING OF COMPANY PROCUREMENT POLICIES AND PRACTICES

AUTHORITY: Secs. 304, 309, as amended, 49 Stat. 855, 858; 16 U.S.C. 825c, 825h; sec. 16, 52 Stat. 830; 15 U.S.C. 717o.

### § 160.1 Filing of company procurement policies and practices.

Not later than January 1, 1970, each natural gas pipeline company shall be required to reduce to writing, file with the Commission in triplicate and make available to any member of the public upon request a comprehensive statement of its procurement policies and procedures. Amendments thereto shall likewise be filed and made available to the public, upon specific request, within 30 days of their effective dates. Statements of Procurement Policies and Procedures shall include, but not be limited to, the following:

(a) The objectives of the company in its procurement function.

(b) Policies governing the choice of procurement method (sealed-bid formal advertising, competitive negotiation, noncompetitive contract awards, etc.) with specific reference to the following categories:

(1) Equipment.

(2) Materials and supplies.

(3) Construction.

(4) Repair, maintenance and m agement services.

(5) Research and development.

(c) Extent and nature of pub notice of proposed procurements, a of direct notice to prospective supp ers.

(d) The extent of the competition quired. This should include any limi tions to or preferences for supplier the utility service areas.

(e) The method of qualifying suppliers.

(f) The policy adopted by the util of putting names on their bidders and also under what circumstan names would be removed from the b ders list.

(g) The company personnel that v dors should contact.

(h) Procedures governing the op ing of sealed bids and proposals, ne tiations with bidders or offerors, a criteria for contract award thereund

(i) Policies and procedures with spect to types of contracts (cost-p incentive type, fixed price, etc.).

(j) The circumstances under wh negotiations are made without com tition such as for emergencies, rep parts, accessory and supplemen equipment, matching existing equ ment or architectural design.

(k) Any special procurement poli or restrictions such as those rela to regional, State or local supplie small business suppliers, procurem from corporate affiliates, and unio nonunion suppliers.

(l) Any "Buy American" policy t the company may adopt.

(m) Policies and procedures, if a with respect to approval or contro subcontracts and subcontractors.

(n) Any applicable Federal and Sta laws and agreements with emplo organizations which might affect procurement policy.

[Order 386, 34 FR 12826, Aug. 7, 196 amended at 47 FR 614, Jan. 6, 1982]

## PART 161—STANDARDS OF CONDUCT FOR INTERSTATE PIPELINES WITH MARKETING AFFILIATES

Sec.
161.1 Applicability.
161.2 Definitions.
161.3 Standards of conduct.

AUTHORITY: Natural Gas Act, 15 U.S.C. 717-717w (1982); Natural Gas Policy Act of 1978, 15 U.S.C. 3301-3432 (1982); Department of Energy Organization Act, 42 U.S.C. 7101-7352 (1982); E.O. No. 12009, 3 CFR 1978 Comp. p. 142.

SOURCE: Order 497, 53 FR 22161, June 14, 1988, unless otherwise noted.

### § 161.1 Applicability.

This part applies to any interstate natural gas pipeline that transports gas for others pursuant to Subparts B, G, or H of Part 284 or pursuant to Subparts A or E of Part 157 and is affiliated with a marketing or brokering entity, except a pipeline that does not conduct any transactions with its affiliated marketer.

### § 161.2 Definitions.

For purposes of this part:

"Affiliate," when used in relation to any person, means another person which controls, is controlled by, or is under common control with, such person.

"Control" (including the terms "controlling," "controlled by," and "under common control with") includes, but is not limited to, the possession, directly or indirectly, of the authority to direct or cause the direction of the management or policies of a company. A voting interest of 10 percent or more creates a presumption of control.

"Potential shippers" means all current transportation and sales customers of an interstate natural gas pipeline, and all persons who have pending requests for transportation service or for information regarding transportation service on that pipeline.

### § 161.3 Standards of conduct.

An interstate natural gas pipeline must conduct its business to conform to the following standards:

(a) It must apply a tariff provision relating to transportation in the same manner to the same or similarly situated persons if there is discretion in the application of the provision.

(b) It must strictly enforce a tariff provision for which there is no discretion in the application of the provision.

(c) It may not, through a tariff provision or otherwise, give its marketing affiliate preference over nonaffiliated customers in scheduling, transportation, storage, or curtailment priority.

(d) It must process all similar requests for transportation in the same manner and within the same period of time.

(e) It may not disclose to its affiliate any information to secure transportation service the pipeline receives from a non-affiliated shipper.

(f) To the extent it provides information related to transportation of natural gas and gas sales and marketing to a marketing affiliate, it must do so contemporaneously to all potential shippers, affiliated and non-affiliated, on its system.

(g) To the maximum extent practicable its operating employees and the operating employees of its marketing affiliate must function independently of each other.

(h) It may not condition or tie its agreement to release gas subject to take-or-pay relief to an agreement by the producer, customer, end-user, or shipper relating to any service by its marketing affiliate, any services by it on behalf of its marketing affiliate, or any services in which its marketing affiliate is involved.

(i) If asked by a potential shipper, it must identify any information relating to released gas that is mitigating the pipeline's take-or-pay liability if it has provided this information to its marketing affiliate.

(j) By September 12, 1988, it must file with the Commission procedures that will enable shippers and the Commission to determine how the pipeline is complying with the standards in this section.

[Order 497, 53 FR 22161, June 14, 1988; 53 FR 25240, July 5, 1988]

# SUBCHAPTER F—ACCOUNTS, NATURAL GAS ACT

## PART 201—UNIFORM SYSTEM OF ACCOUNTS PRESCRIBED FOR NATURAL GAS COMPANIES SUBJECT TO THE PROVISIONS OF THE NATURAL GAS ACT

AUTHORITY: Natural Gas Act, 15 U.S.C. 717-717w (1982); Natural Gas Policy Act of 1978, 15 U.S.C. 3301-3432 (1982); Department of Energy Organization Act, 42 U.S.C. 7101-7352 (1982); E.O. 12009, 3 CFR 1978 Comp., p. 142.

SOURCE: Order 219, 25 FR 5616, June 21, 1960.

EDITORIAL NOTE: For FEDERAL REGISTER citations affecting Part 201, see the List of CFR Sections Affected in the Finding Aids section of this volume.

NOTE: Order 141, 12 FR 8504, Dec. 19, 1947, provides in part as follows:

*Prescribing a system of accounts for natural gas companies under the Natural Gas Act.* The Federal Power Commission acting pursuant to authority granted by the Natural Gas Act (58) Stat. 821, as amended; 15 U.S.C. and Sup. 717 et seq.), particularly sections 8(a), 10(a) and 16 thereof, and finding such action necessary and appropriate for carrying out the provisions of said Act, ordered that:

(a) The accompanying system of accounts, entitled "Uniform System of Accounts Prescribed for Natural Gas Companies Subject to the Provisions of the Natural Gas Act," and the rules and regulations contained therein, be adopted;

(b) Said system of accounts and said rules and regulations contained therein be and the same are hereby prescribed and promulgated as the system of accounts and rules and regulations of the Commission to be kept and observed by natural gas companies subject to the jurisdiction of the Commission, to the extent and in the manner set forth therein;

(c) Said system of accounts and rules and regulations therein contained as to all natural gas companies now subject to the jurisdiction of the Commission, became effective on January 1, 1940, and as to any natural gas company which may hereafter become subject to the jurisdiction of the Commission, they shall become effective as of the date when such natural gas company becomes subject to the jurisdiction of the Commission.

## Uniform System of Accounts Pr
scribed for Natural Gas Comp
nies Subject to the Provisions
the Natural Gas Act

### Definitions

When used in this system of
counts:

1. "Accounts" means the accou
prescribed in this system of accounts
2. "Actually issued," as applied to
curities issued or assumed by the uti
ty, means those which have been so
to bona fide purchasers for a valuab
consideration, those issued as di
dends on stock, and those which hav
been issued in accordance with co
tractual requirements direct to tru
ees of sinking funds.

3. "Actually outstanding," as appli
to securities issued or assumed by t
utility, means those which have be
actually issued and are neither retir
nor held by or for the utility; provi
ed, however, that securities held
trustees shall be considered as actua
outstanding.

4. "Amortization" means the gradu
extinguishment of an amount in an
count by distributing such amou
over a fixed period, over the life of t
asset or liability to which it applies
over the period during which it is
ticipated the benefit will be realized

5. A. "Associated (affiliated) comp
nies" means companies or persons th
directly or indirectly, through one
more intermediaries, control, or
controlled by, or are under comm
control with the accounting compa

B. "Control" (including the ter
"controlling," "controlled by,"
"under common control with") mea
the possession, directly or indirec
of the power to direct or cause the
rection of the management and po
cies of a company, whether su
power is exercised through one
more intermediary companies,
alone, or in conjunction with, or p
suant to an agreement, and wheth
such power is established throug
majority or minority ownership
voting of securities, common direct

officers, or stockholders, voting trusts, holding trusts, associated companies, contract or any other direct or indirect means.

6. "Book cost" means the amount at which property is recorded in these accounts without deduction of related provisions for accrued depreciation, depletion, amortization, or for other purposes.

7. "Commission," means the Federal Energy Regulatory Commission.

8. "Continuing plant inventory record" means company plant records for retirement units and mass property that provide, as either a single record, or in separate records readily obtainable by references made in a single record, the following information:

A. For each retirement unit;

(1) The name or description of the unit, or both;

(2) The location of the unit;

(3) The date the unit was placed in service;

(4) The cost of the unit as set forth in Plant Instructions 2 and 3 of this part; and

(5) The plant control account to which the cost of the units is charged; and

B. For each category of mass property;

(1) A general description of the property and quantity;

(2) The quantity placed in service by vintage year;

(3) The average cost as set forth in Plant Instructions 2 and 3 of this part; and

(4) The plant control account to which the costs are charged.

9. "Cost" means the amount of money actually paid for property or services. When the consideration given is other than cash in a purchase and sale transaction, as distinguished from a transaction involving the issuance of common stock in a merger or a pooling of interest, the value of such consideration shall be determined on a cash basis.

10. "Cost of removal" means the cost of demolishing, dismantling, tearing down or otherwise removing gas plant, including the cost of transportation and handling incidental thereto.

11. "Debt expense" means all expenses in connection with the issuance and initial sale of evidences of debt, such as fees for drafting mortgages and trust deeds; fees and taxes for issuing or recording evidences of debt; cost of engraving and printing bonds and certificates of indebtedness; fees paid trustees; specific costs of obtaining governmental authority; fees for legal services; fees and commissions paid underwriters, brokers, and salesmen for marketing such evidences of debt; fees and expenses of listing on exchanges; and other like costs.

12. A. "Depletion," as applied to natural gas producing land and land rights, means the loss in service value incurred in connection with the exhaustion of the natural resource in the course of service.

B. "Depreciation," as applied to depreciable gas plant, means the loss in service value not restored by current maintenance, incurred in connection with the consumption or prospective retirement of gas plant in the course of service from causes which are known to be in current operation and against which the utility is not protected by insurance. Among the causes to be given consideration are wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in the art, changes in demand and requirements of public authorities, and, in the case of natural gas companies, the exhaustion of natural resources.

13. "Development costs", in the case of Major natural gas companies, when used with respect to hydrocarbons, include all costs incurred in the readying of hydrocarbon deposits for commercial production including developmental well drilling costs.

14. "Discount", as applied to the securities, issued or assumed by the utility, means the excess of the par (stated value of no-par stocks) or fact value of the securities plus interest or dividends accrued at the date of the sale over the cash value of the consideration received from their sale.

15. "Exploration costs", in the case of Major natural gas companies, include all costs incurred in proving the existence of hydrocarbon deposits including geological, geophysical, lease acquisition (including delay rentals),

administrative and general, and exploratory well drilling costs.

16. "Full-cost accounting for exploration and development costs", in the case of Major natural gas companies, means the capitalization of all exploration and development costs incurred on or related to hydrocarbon leases, on properties in the contiguous 48 States and the State of Alaska, acquired after October 7, 1969.

17. "Investment advances" means advances represented by notes or by book accounts only, with respect to which it is mutually agreed or intended between the creditor and debtor that they shall be settled by the issuance of securities or shall not be subject to current settlement.

18. "Lease, capital" means a lease of property used in utility or non-utility operations, which meets one or more of the criteria stated in General Instruction 19.

19. "Lease, operating" means a lease of property used in utility or non-utility operations, which does not meet any of the criteria stated in General Instruction 19.

20. "Minor items of property" means the associated parts or items of which retirement units are composed.

21. "Natural gas" means either natural gas unmixed, or any mixture of natural and artificial gas.

22. "Natural gas company" means a person engaged in the transportation of natural gas in interstate commerce, or the sale in interstate commerce of such gas for resale.

23. "Net salvage value" means the salvage value of property retired less the cost of removal.

24. "Nominally issued," as applied to securities issued or assumed by the utility, means those which have been signed, certified, or otherwise executed, and placed with the proper officer for sale and delivery, or pledged, or otherwise placed in some special fund of the utility, but which have not been sold, or issued direct to trustees of sinking funds in accordance with contractual requirements.

25. "Nominally outstanding," as applied to securities issued or assumed by the utility, means those which, after being actually issued, have been reacquired by or for the utility under circumstances which require them to be considered as held alive and not retired, provided, however, that securities held by trustees shall be considered as actually outstanding.

26. "Original cost," as applied to gas plant, means the cost of such property to the person first devoting it to public service.

27. "Person" means an individual, a corporation, a partnership, an association, a joint stock company, a business trust, or any organized group of persons, whether incorporated or not, or any receiver or trustee.

28. "Premium," as applied to securities issued or assumed by the utility, means the excess of the cash value of the consideration received from their sale over the sum of their par (stated value of no-par stocks) or face value and interest or dividends accrued at the date of sale.

29. "Production, transmission, and distribution plant." (Major natural gas companies) For the purposes of this system of accounts:

A. "Production system" shall consist of plant and equipment used in the production of gas. It shall include producing lands and leaseholds, gas rights, other land rights, structures, drilling and clearing equipment, gas wells, well head equipment, separation and other facilities used in the production of natural gas. The production system ends where the gas enters a gathering system, transmission system or distribution system, as applicable, in accordance with the practices in the pricing area where such system is located.

B. "Transmission system" means the land, structures, mains, valves, meters, boosters, regulators, tanks, compressors, and their driving units and appurtenances, and other equipment used primarily for transmitting gas from a production plant, delivery point of purchased gas, gathering system, storage area, or other wholesale source of gas, to one or more distribution areas. The transmission system begins at the outlet side of the valve at the connection to the last equipment in a manufactured gas plant, the connection to gathering lines or delivery point of purchased gas, and includes the equipment at such connection that is used to bring the gas to transmission pressure, and ends at the outlet side of the equipment which meters or regulates the entry of gas into the distribution system or into a storage area. It does not include storage land, structures or equipment. Pipeline companies, including those companies which measure deliveries of gas to their own distribution systems, shall include city gate and main line industrial measuring and regulating stations in the transmission function.

C. "Distribution system" means the mains which are provided primarily for distributing gas within a distribution area, together with land, structures, valves, regulators, services and measuring devices, including the mains for transportation of gas from production plants or points of receipt located within such distribution area to other points therein. The distribution system owned by companies having no transmission facilities connected to such distribution system begins at the inlet side of the distribution system equipment which meters or regulates the entry of gas into the distribution system and ends with and includes property on the customer's premises. For companies which own both transmission and distribution facilities on a continuous line, the distribution system begins at the outlet side of the equipment which meters or regulates the entry of gas into the distribution system and ends with and includes property on the customer's premises. The distribution system does not include storage land, structures, or equipment.

D. "Distribution area" means a metropolitan area or other urban area comprising one or more adjacent or nearby cities, villages or unincorporated areas, including developed areas contiguous to main highways.

30. "Property retired," as applied to gas plant, means property which has been removed, sold, abandoned, destroyed, or which for any cause has been withdrawn from service.

31. A. "Replacing" or "replacement," when not otherwise indicated in the context, means the construction or installation of gas plant in place of property retired, together with the removal of the property retired.

B. "Research, Development, and Demonstration" (RD&D), in the case of Major natural gas companies, means expenditures incurred by natural gas companies either directly or through another person or organization (such as research institute, industry association, foundation, university, engineering company, or similar contractor) in pursuing research, development, and demonstration activities including experiment, design, installation, construction, or operation. This definition includes expenditures for the implementation or development of new and/or existing concepts until technically feasible and commercially feasible operations are verified. Such research, development, and demonstration costs should be reasonably related to the existing or future utility business, broadly defined, of the public utility or licensee or in the environment in which it operates or expects to operate. The term includes, but is not limited to: All such costs incidental to the design, development or implementation of an experimental facility, a plant process, a product, a formula, an invention, a system or similar items, and the improvement of already existing items of a like nature; amounts expended in connection with the proposed development and/or proposed delivery of substitute or synthetic gas supplies (alternate fuel sources for example, an experimental coal gasification plant or an experimental plant synthetically producing gas from liquid hydrocarbons); and the costs of obtaining its own patent, such as attorney's fees expended in making and perfecting a patent application. The term includes preliminary investigations and detailed planning of specific projects for securing for customers non-conventional pipeline gas supplies that rely on technology that has not been verified previously to be feasible. The term does not include expenditures for efficiency surveys; studies of management, management techniques and organization; consumer surveys, advertising, promotions, or items of a like nature.

32. "Retained earnings" (formerly earned surplus) means the accumulat-

ed net income of the utility less distribution to stockholders and transfers to other capital accounts.

33. "Retirement units" means those items of gas plant which, when retired, with or without replacement, are accounted for by crediting the book cost thereof to the gas plant account in which included.

34. "Salvage value" means the amount received for property retired, less any expenses incurred in connection with the sale or in preparing the property for sale; or, if retained, the amount at which the material recoverable is chargeable to Materials and Supplies, or other appropriate account.

35. "Service life" means the time between the date gas plant is includible in gas plant in service, or gas plant leased to others, and the date of its retirement. If depreciation is accounted for on a production basis rather than on a time basis, then service life should be measured in terms of the appropriate unit of production.

36. "Service value" means the difference between original cost and net salvage value of gas plant.

37. "Unsuccessful exploration and development costs", in the case of Major natural gas companies, means exploration and development costs related to efforts which do not directly result in the discovery of commercially recoverable hydrocarbon reserves.

38. "Subsidiary company", in the case of Major natural gas companies, means a company which is controlled by the utility through ownership of voting stock. (See "Definitions"—item 5B "Control"). A corporate joint venture in which a corporation is owned by a small group of businesses as a separate and specific business or project for the mutual benefit of the members of the group is a subsidiary company for the purposes of this system of accounts.

39. "Utility," as used herein and when not otherwise indicated in the context, means any natural gas company to which this system of accounts is applicable.

## General Instructions

1. *Classification of utilities.* A. For the purpose of applying the system of accounts prescribed by the Commission, natural gas companies are divided into classes, as follows:

*Major* —Each natural gas company as defined in the Natural Gas Act, whose combined gas sold for resale and gas transported or stored for a fee exceeds 50 million Mcf at 14.73 psi (60°F) in each of the three previous calendar years.

*Nonmajor*—Natural gas companies that are not classified as a "major company" (as defined above), and had total gas sales or volume transactions exceeding 200,000 Mcf at 14.73 psi (60 °F) in each of the three previous calendar years.

B. This system applies to both Major and Nonmajor natural gas companies. Provisions have been incorporated into this system for those entities which prior to January 1, 1984, were applying the Commission's Uniform System of Accounts Prescribed for Class C and Class D (Part 104 of this chapter) now revoked. The notations "(Nonmajor)" and "(Major)" have been used to indicate those instructions and accounts from the previous systems and classifications, which by definition, are not interchangeable without causing a loss of detail for the *Major* (previous Class A and Class B) or an increase in detail burden for the *Nonmajor* (previous Class C and Class D).

C. The class to which any natural gas company belongs shall originally be determined by its annual gas volume in each of the last three consecutive years, or, in the case of a newly established entity, the projected data shall be the basis. Subsequent changes in classification shall be made when the volume for each of the three immediately preceding years exceeds the upper limit, or is less than the lower limit of the classification previously applicable to the natural gas company.

D. Any utility may, at its option, adopt the system of accounts prescribed by the Commission for any larger class of utilities.

2. *Records.* A. Each utility shall keep its books of account, and all other books, records, and memoranda which support the entries in such books of account so as to be able to furnish readily full information as to any item included in any account. Each entry shall be supported by such detailed information as will permit ready identification, analysis, and verification of all facts relevant thereto.

B. The books and records referred to herein include not only accounting records in a limited technical sense, but all other records, such as minute books, stock books, reports, correspondence, memoranda, etc., which may be useful in developing the history of or facts regarding any transaction.

C. No utility shall destroy any such books or records unless the destruction thereof is permitted by rules and regulations of the Commission.

D. In addition to prescribed accounts, clearing accounts, temporary or experimental accounts, and subdivisions of any accounts, may be kept, provided the integrity of the prescribed accounts is not impaired.

E. All amounts included in the accounts prescribed herein for gas plant and operating expenses shall be just and reasonable and any payments or accruals by the utility in excess of just and reasonable charges shall be included in account 426.5, Other Deductions.

F. The arrangement or sequence of the accounts prescribed herein shall not be controlling as to the arrangement or sequence in report forms which may be prescribed by the Commission.

3. *Numbering system.* A. The account numbering plan used herein consists of a system of three-digit whole numbers as follows:

100-199 Assets and Other Debits.
200-299 Liabilities and Other Credits.
300-399 Plant Accounts.
400-432, 434-435 Income Accounts.
433, 436-439 Retained Earnings Accounts.
480-499 Revenue Accounts.
700-899 Production, Transmission and Distribution Expenses.
900-949 Customer Accounts, Customer Service and Informational, Sales and General and Administrative Expenses.

B. In certain instances, numbers have been skipped in order to allow for possible later expansion or to permit better coordination with the numbering system for other utility departments.

C. The numbers prefixed to account titles are to be considered as part of the titles. Each utility, however, may adopt for its own purposes a different system of account numbers (See also general instruction 2D) provided that the numbers herein prescribed shall appear in the descriptive headings of the ledger accounts and in the various sources of original entry; however, if a utility uses a different group of account numbers and it is not practicable to show the prescribed account numbers in the various sources of original entry, such reference to the prescribed account numbers may be omitted from the various sources of original entry. Moreover, each utility using different account numbers for its own purposes shall keep readily available a list of such account numbers which it uses and a reconciliation of such account numbers with the account numbers provided herein. It is intended that the utility's records shall be so kept as to permit ready analysis by prescribed accounts (by direct reference to sources of original entry to the extent practicable) and to permit preparation of financial and operating statements directly from such records at the end of each accounting period according to the prescribed accounts.

4. *Accounting period.* Each utility shall keep its books on a monthly basis so that for each month all transactions applicable thereto, as nearly as may be ascertained, shall be entered in the books of the utility. Amounts applicable or assignable to specific utility departments shall be so segregated monthly. Each utility shall close its books at the end of each calendar year unless otherwise authorized by the Commission.

5. *Submittal of questions.* To maintain uniformity of accounting, utilities shall submit questions of doubtful interpretation to the Commission for consideration and decision.

6. *Item lists.* Lists of "items" appearing in the texts of the accounts or else-

where herein are for the purpose of more clearly indicating the application of the prescribed accounting. The lists are intended to be representative, but not exhaustive. The appearance of an item in a list warrants the inclusion of the item in the account mentioned only when the text of the account also indicates inclusion inasmuch as the same item frequently appears in more than one list. The proper entry in each instance must be determined by the texts of the accounts.

7. *Extraordinary items.* It is the intent that net income shall reflect all items of profit and loss during the period with the exception of prior period adjustments as described in paragraph 7.1 and long-term debt as described in paragraph 17 below. Those items related to the effects of events and transactions which have occurred during the current period and which are of unusual nature and infrequent occurrence shall be considered extraordinary items. Accordingly, they will be events and transactions of significant effect which are abnormal and significantly different from the ordinary and typical activities of the company, and which would not reasonably be expected to recur in the foreseeable future. (In determining significance, items should be considered individually and not in the aggregate. However, the effects of a series of related transactions arising from a single specific and identifiable event or plan of action should be considered in the aggregate.) To be considered as extraordinary under the above guidelines, an item should be more than approximately 5 percent of income, computed before extraordinary items. Commission approval must be obtained to treat an item of less than 5 percent, as extraordinary. (See accounts 434 and 435.)

*7.1 Prior period items.* A. Items of profit and loss related to the following shall be accounted for as prior period adjustments and excluded from the determination of net income for the current year.

(1) Correction of an error in the financial statements of a prior year.

(2) Adjustments that result from realization of income tax benefits of preacquisition operating loss carryforwards of purchased subsidiaries.

B. All other items of profit and loss recognized during the year shall be included in the determination of net income for that year.

8. *Unaudited items (Major natural gas companies).* Whenever a financial statement is required by the Commission, if it is known that a transaction has occurred which affects the accounts but the amount involved in the transaction and its effect upon the accounts cannot be determined with absolute accuracy, the amount shall be estimated and such estimated amount included in the proper accounts. The utility is not required to anticipate minor items which would not appreciably affect the accounts.

9. *Distribution of pay and expenses of employees.* The charges to gas plant, operating expense and other accounts for services and expenses of employees engaged in activities chargeable to various accounts, such as construction, maintenance, and operations, shall be based upon the actual time engaged in the respective classes of work, or in case that method is impracticable, upon the basis of a study of the time actually engaged during a representative period.

10. *Payroll distribution.* Underlying accounting data shall be maintained so that the distribution of the cost of labor charged direct to the various accounts will be readily available. Such underlying data shall permit a reasonably accurate distribution to be made of the cost of labor charged initially to clearing accounts so that the total labor cost may be classified among construction, cost of removal, gas operating functions (manufactured gas production, natural gas production and gathering, products extraction, underground storage, transmission, distribution, etc.), and nonutility operations.

11. *Accounting to be on accrual basis.* A. The utility is required to keep its accounts on the accrual basis. This requires the inclusion in its accounts of all known transactions of appreciable amount which affect the accounts. If bills covering such transactions have not been received or rendered, the amounts shall be estimated and

appropriate adjustments made when the bills are received.

B. When payments are made in advance for items such as insurance, rents, taxes or interest, the amount applicable to future periods shall be charged to account 165, Prepayments, and spread over the periods to which applicable by credits to account 165, and charges to the accounts appropriate for the expenditure.

12. *Records for each plant (Major natural gas companies).* A. Separate records shall be maintained by gas plant accounts of the book cost of each plant owned, including additions by the utility to plant leased from others, and of the cost of operating and maintaining each plant owned or operated. The term "plant," as here used, means each manufactured gas production plant, the wells and gathering lines of each distinct production area, each system of interconnected transmission mains, each system of wells and lines of an underground storage project, each large purification or dehydration plant, each compressor station, other than a distribution compressor station, and each products extraction plant.

B. A natural gas company may, with the approval of the Commission, group certain of its systems of gathering lines and wells, small compressor stations, systems of underground storage lines and wells, and systems of interconnected transmission mains for the purpose of complying with the portion of this instruction requiring a segregation of the cost of operating and maintaining each plant.

NOTE A: Where manufactured gas is produced by two or more processes at one location, each process shall be accounted for separately.

NOTE B: Each natural gas company shall maintain operating or accounting records for each well showing (a) acreage on which drilled, (b) dates of drilling period, (c) cost of drilling, (d) depth of well, (e) particulars and depth of each stratum drilled through, (f) geological formation from which gas is obtained, (g) initial rock pressure and open flow capacity, (h) sizes of casing used and the lengths of each size, (i) total cost of well as recorded in gas plant accounts, (j) date well abandoned, for wells once productive, (k) date transferred to underground storage plant, for wells converted to storage use, and (l) date drilling discontinued, for wells determined to be nonproductive. The foregoing data, as appropriate, shall also be maintained for each subsequent change in the depth of each well.

13. *Accounting for other departments.* If the utility also operates other utility departments, such as electric, water, etc., it shall keep such accounts for the other departments as may be prescribed by proper authority and in the absence of prescribed accounts, it shall keep such accounts as are proper or necessary to reflect the results of operating each such department. It is not intended that proprietary and similar accounts which apply to the utility as a whole shall be departmentalized.

14. *Transactions with associated companies (Major natural gas companies).* Each utility shall keep its accounts and records so as to be able to furnish accurately and expeditiously statements of all transactions with associated companies. The statements may be required to show the general nature of the transactions, the amounts involved therein and the amounts included in each account prescribed herein with respect to such transactions. Transactions with associated companies shall be recorded in the appropriate accounts for transactions of the same nature. Nothing herein contained, however, shall be construed as restraining the utility from subdividing accounts for the purpose of recording separately transactions with associated companies.

15. *Contingent assets and liabilities (Major natural gas companies).* Contingent assets represent a possible source of value to the utility contingent upon the fulfillment of conditions regarded as uncertain. Contingent liabilities include items which may under certain conditions become obligations of the utility but which are neither direct nor assumed liabilities at the date of the balance sheet. The utility shall be prepared to give a complete statement of significant contingent assets and liabilities (including cumulative dividends on preference stock) in its annual report and at such other times as may be requested by the Commission.

16. *Accounting for costs of gas production by pipelines and pipeline af-*

*filiates (Major natural gas companies).* A. On October 7, 1969, the Commission issued Opinion No. 568 (42 FPC 738; 34 FR 17803, Nov. 5, 1969) amending Part 2, General Policy and Interpretations, Subchapter A, General Rules, Chapter I of Title 18 of the CFR by adding a new § 2.66 entitled "Pricing of New Gas Produced by Pipelines and Pipeline Affiliates." Section 2.66 was further amended by Opinion No. 568A, issued December 5, 1969 (42 FPC 1089; 35 FR 1104, Jan. 28, 1970). Paragraph (b) of 18 CFR 2.66 provides in part that pipelines acquiring production leases subsequent to the date of this opinion either on their own part or through affiliates should, where they have their own production, maintain separate subdivisions of their plant and expense accounts related to production properties and production activities, so as to show separately costs related to production from present leases and costs related to production from leases acquired on or after October 8, 1969. When making a rate filing, pipelines should provide additional detail in subdivisions within the production function, i.e., as between gas from present leases and gas from leases acquired on or after October 8, 1969, with respect to their own production and also with respect to any production of their affiliates.

B. When the transfer price of gas is not determined in a cost-of-service rate proceeding, pricing of gas produced by a pipeline or pipeline affiliate shall be in accordance with § 2.66 or § 154.42 of this chapter.

C. Pursuant to the statement of policy in 18 CFR 2.66, as amended, subdivisions shall be maintained in the following accounts or any other accounts which may contain applicable lease costs so that production costs relating to leases acquired up to and including October 7, 1969, and costs relating to leases acquired as of October 8, 1969, and thereafter, and gathering costs can be readily identified. Where no production plant is owned or operated, no subdivision of these accounts need be made. However, these provisions do not apply if the leases were acquired, either directly or through intermediaries, from other pipelines or their affiliates which had held them prior to October 8, 1969. The accounts to which the foregoing instructions are applicable include, among others:

| | |
|---|---|
| 108 | Accumulated provision for depreciation of gas utility plant. |
| 111 | Accumulated provision for amortization and depletion of gas utility plant. |
| 325.1-338 | Natural gas production and gathering plant. |
| 403 | Depreciation expense. |
| 404.1 | Amortization and depletion of producing natural gas land and land rights. |
| 408.1 | Taxes other than income taxes, utility operating income. |
| 409.1 | Income taxes, utility operating income. |
| 750-769 | Natural gas production and gathering. |

17. *Long-term debt: Premium, discount and expense, and gain or loss on reacquisition*—A. *Premium, discount and expense.* A separate premium, discount and expense account shall be maintained for each class and series of long-term debt (including receivers' certificates) issued or assumed by the utility. The premium will be recorded in account 225, Unamortized Premium on Long-Term Debt, the discount will be recorded in account 226, Unamortized Discount on Long-Term Debt—Debit, and the expense of issuance shall be recorded in account 181, Unamortized Debt Expense.

The premium, discount and expense shall be amortized over the life of the respective issues under a plan which will distribute the amounts equitably over the life of the securities. The amortization shall be on a monthly basis and amounts thereof relating to discount and expense shall be charged to account 428, Amortization of Debt Discount and Expense. The amounts relating to premium shall be credited to account 429, Amortization of Premium on Debt—Credit.

B. *Reacquisition, without refunding.* When long-term debt is reacquired or redeemed without being converted into another form of long-term debt and when the transaction is not in connection with a refunding operation (primarily redemptions for sinking fund purposes), the difference between the amount paid upon reacquisition and the face value; plus any unamortized premium less any related unamortized debt expense and reacquisition costs; or less any unamortized discount, related debt expense and reacquisition costs applicable to the debt redeemed, retired and canceled, shall be included in account 189, Unamortized Loss on Reacquired Debt, or account 257, Unamortized Gain on Reacquired Debt, as appropriate. The utility shall amortize the recorded amounts equally on a monthly basis over the remaining life of the respective security issues (old original debt). The amounts so amortized shall be charged to account 428.1, Amortization of Loss on Reacquired Debt, or credited to account 429.1, Amortization of Gain on Reacquired Debt—Credit, as appropriate.

C. *Reacquisition, with refunding.* When the redemption of one issue or series of bonds or other long-term obligations is financed by another issue or series before the maturity date of the first issue, the difference between the amount paid upon refunding and the face value; plus any unamortized premium less related debt expense or less any unamortized discount and related debt expense, applicable to the debt refunded, shall be included in account 189, Unamortized Loss on Reacquired Debt, or account 257, Unamortized Gain on Reacquired Debt, as appropriate. The utility may elect to account for such amounts as follows:

(1) Write them off immediately when the amounts are insignificant.

(2) Amortize them by equal monthly amounts over the remainder of the original life of the issue retired, or

(3) Amortize them by equal monthly amounts over the life of the new issue.

Once an election is made, it shall be applied on a consistent basis. The amounts in (1), (2), or (3) above shall be charged to account 428.1, Amortization of Loss on Reacquired Debt, or credited to account 429.1, Amortization of Gain on Reacquired Debt—Credit, as appropriate.

D. Under methods (2) and (3) above, the increase or reduction in current income taxes resulting from the reacquisition should be apportioned over the remainder of the original life of the issue retired or over the life of the new issue, as appropriate, as directed more specifically in paragraphs E and F below.

E. When the utility recognizes the loss in the year of reacquisition as a tax deduction, account 410.1, Provision for Deferred Income Taxes, Utility Operating Income, shall be debited and account 283, Accumulated Deferred Income Taxes—Other, shall be credited with the amount of the related tax effect, such amount to be allocated to the periods affected in accordance with the provisions of account 283.

F. When the utility chooses to recognize the gain in the year of reacquisition as a taxable gain, account 411.1, Provision for Deferred Income Taxes—Credit, Utility Operating Income, shall be credited and account 190, Accumulated Deferred Income Taxes, shall be debited with the amount of the related tax effect, such amount to be allocated to the periods affected in accordance with the provisions of account 190.

G. When the utility chooses to use the optional privilege of deferring the tax on the gain attributable to the reacquisition of debt by reducing the depreciable basis of utility property for tax purposes, pursuant to Section 108 of the Internal Revenue Code, the related tax effects shall be deferred as the income is recognized for accounting purposes, and the deferred amounts shall be amortized over the life of the associated property on a vintage year basis. Account 410.1, Provision for Deferred Income Taxes, Utility Operating Income, shall be debited, and account 282, Accumulated Deferred Income Taxes—Other Property, shall be credited with an amount equal to the estimated income tax effect applicable to the portion of the income, attributable to reacquired debt, recognized for accounting purposes during the period. Account 282 shall be debited and account 411.1, Provision for Deferred Income Taxes—Credit, Utility Operating Income, shall be credited with an amount equal to the estimated income tax effects, during the life of the property, attributable to the reduction in the depreciable basis for tax purposes.

H. The tax effects relating to gain or loss shall be allocated as above to utility operations except in cases where a portion of the debt reacquired is directly applicable to nonutility operations. In that event, the related portion of the tax effects shall be allocated to nonutility operations. Where it can be established that reacquired debt is generally applicable to both utility and nonutility operations, the tax effects shall be allocated between utility and nonutility operations based on the ratio of net investment in utility plant to net investment in non- utility plant.

I. Premium, discount, or expense on debt shall not be included as an element in the cost of construction or acquisition of property (tangible or intangible), except under the provisions of account 432, Allowance for Borrowed Funds Used During Construction—Credit.

J. *Alternate method.* Where a regulatory authority or a group of regulatory authorities having prime rate jurisdiction over the utility specifically disallows the rate principle of amortizing gains or losses on reacquisition of long-term debt without refunding, and does not apply the gain or loss to reduce interest charges in computing the allowed rate of return for rate purposes, then the following alternate method may be used to account for gains or losses relating to reacquisition of long-term debt, with or without refunding.

(1) The difference between the amount paid upon reacquisition of any long-term debt and the face value, adjusted for unamortized discount, expenses or premium, as the case may be, applicable to the debt redeemed shall be recognized currently in income and recorded in account 421, Miscellaneous Nonoperating Income, or account 426.5, Other Deductions.

(2) When this alternate method of accounting is used, the utility shall include a footnote to each financial statement, prepared for public use, explaining why this method is being used along with the treatment given for ratemaking purposes.

18. *Comprehensive interperiod income tax allocation.* A. Where there are timing differences between the periods in which transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income, the income tax effects of such transactions are to be recognized in the periods in which the differences between book accounting income and taxable income arise and in the periods in which the differences reverse using the deferred tax method. In general, comprehensive interperiod tax allocation should be followed whenever transactions enter into the determination of pretax accounting income for the period even though some transactions may affect the determination of taxes payable in a different period, as further qualified below.

B. Utilities are not required to utilize comprehensive interperiod income tax allocation until the deferred income taxes are included as an expense in the rate level by the regulatory authority having rate jurisdiction over the utility. Where comprehensive interperiod tax allocation accounting is not practiced the utility shall include as a note to each financial statement prepared for public use, a footnote explanation setting forth the utility's accounting policies with respect to interperiod tax allocation and describing the treatment for ratemaking purposes of the tax timing differences by regulatory authorities having rate jurisdiction.

C. Should the utility be subject to more than one agency having rate jurisdiction, its accounts shall appropriately reflect the ratemaking treatment (deferral or flow through) of each jurisdiction.

D. Once comprehensive interperiod tax allocation has been initiated either in whole or in part it shall be practiced on a consistent basis and shall not be changed or discontinued without prior Commission approval.

E. Tax effects deferred currently will be recorded as deferred debits or deferred credits in accounts 190, Accumulated Deferred Income Taxes, 281, Accumulated Deferred Income Taxes—Accelerated Amortization Property, 282, Accumulated Deferred Income Taxes—Other Property, and 283, Accumulated Deferred Income Taxes—Other, as appropriate. The resulting amounts recorded in these accounts shall be disposed of as prescribed in this system of accounts or t otherwise authorized by the Commission.

19. *Criteria for classifying leases.* A. If at its inception a lease meets one or more of the following criteria, the lease shall be classified as a capital lease. Otherwise, it shall be classified as an operating lease.

(1) The lease transfers ownership of the property to the leasee by the end of the lease term.

(2) The lease contains a bargain purchase option.

(3) The lease term is equal to 75 percent or more of the estimated economic life of the leased property. However, if the beginning of the lease term falls within the last 25 percent of the total estimated economic life of the lease property, including earlier years of use, this criterion shall not be used for purposes of classifying the lease.

(4) the present value at the beginning of the lease term of the minimum lease payments, excluding that portion of the payments representing executory costs such as insurance, maintenance, and taxes to be paid by the lessor, including any profit thereon, equals or exceeds 90 percent of the excess of the fair value of the leased property to the lessor at the inception of the lease over any related investment tax credit retained by the lessor and expected to be realized by the lessor. However, if the beginning of the lease term falls within the last 25 percent of the total estimated economic life of the lease property, including earlier years of use, this criterion shall not be used for purposes of classifying the lease. The lessee utility shall compute the present value of the minimum lease payments using his incremental borrowing raate, unless (a) it is practicable for the utility to learn the implicit rate computed by the lessor, and (b) the implicit rate computed by the lessor is less than the lessee's incremental borrowing rate. If both of those conditions are met, the lessee shall use the implicit rate.

B. If at any time the lessee and lessor agree to change the provisions of the lease, other than by renewing the lease or extending its term, in a manner that would have resulted in a different classification of the lease under the criteria in paragraph A had the changed terms been in effect at the inception of the lease, the revised agreement shall be considered as a new agreement over its term, and the criteria in paragraph A shall be applied for purposes of classifying the lease. Likewise, any action that extends the lease beyond the expiration of the existing lease term, such as the exercise of a lease renewal option other than those already included in the lease term, shall be considered as a new agreement, and shall be classified according to the above provisions. Changes in estimates (for example, changes in estimates of the economic life or of the residual value of the leased property) or changes in circumstances (for example, default by the lessee), shall not give rise to a new classification of a lease for accounting purposes.

20. *Accounting for leases.* A. All leases shall be classified as either capital or operating leases. The accounting for capitalized leases is effective January 1, 1984, except for the retroactive classification of certian leases which, in accordance with FASB No. 71, will not be required to be capitalized until after a three year transition period. For the purpose of reporting to the FERC, the transition period shall be deemed to end December 31, 1986.

B. The utility shall record a capital lease as an asset in account 101.1, Property under Capital Leases (or account 121, Non-utility Property, if appropriate), and an obligation in account 227, Obligations under Capital Leases—Noncurrent, or account 243, Obligations under Capital Leases—Current, at an amount equal to the present value at the beginning of the lease term of minimum lease payments during the lease term, excluding that portion of the payments representing executory costs such as insurance, maintenance, and taxes to be paid by the lessor, together with any profit thereon. However, if the amount so determined exceeds the fair value of the leased property at the inception of the lease, the amount recorded as the asset and obligation shall be the fair value.

C. Rental payments on all leases shall be charged to rent expense, fuel expense, construction work in progress, or other appropriate accounts as they become payable.

D. For a capital lease, for each period during the lease term, the amounts recorded for the asset and obligation shall be reduced by an amount equal to the portion of each lease payment which would have been allocated to the reduction of the obligation, if the payment had been treated as a payment on an installment obligation (liability) and allocated between interest expense and a reduction of the obligation so as to produce a constant periodic rate of interest on the remaining balance.

21. *Gas well records (Nonmajor natural gas companies).* Each utility with natural gas operations shall maintain operating or accounting records for each well showing: (a) Acreage on which drilled, (b) dates of drilling period, (c) cost of drilling, (d) depth of well, (e) particulars and depth of each stratum drilled through, (f) geological formation from which gas is obtained, (g) initial rock pressure and open flow capacity, (h) sizes of casing used and lengths of each size, (i) total cost of well as recorded in gas plant accounts, (j) date well abandoned, for wells once productive, (k) date transferred to underground storage plant, for wells converted to storage use, and (l) date drilling discontinued, for wells determined to be nonproductive. The foregoing data, as appropriate, shall also be maintained for each subsequent change in the depth of each well.

## Gas Plant Instructions

1. *Classification of utilities (Major natural gas companies).* A. The gas plant accounts provided herein are generally the same as those contained in the prior system of accounts except for some changes in classification in the general equipment accounts. Except for these changes, the balances in the various plant accounts, as determined under the prior system of accounts, should be carried forward. Any remaining balance of plant which has not yet been classified pursuant to the requirements of the prior system, shall be classified in accordance with the following instructions.

B. The cost to the utility of its unclassified plant shall be ascertained by analysis of the utility's records. Adjustments shall not be made to record in utility plant accounts amounts previously charged to operating expenses or to income deductions in accordance with the uniform system of accounts in effect at the time or in accordance with the discretion of management as exercised under a uniform system of accounts, or under accounting practices previously followed.

C. The detailed gas plant accounts (301 to 399, inclusive) shall be stated on the basis of cost to the utility of plant constructed by it and the original cost, estimated if not known, of plant acquired as an operating unit or system. The difference between the original cost as above, and the cost to the utility of gas plant after giving effect to any accumulated provision for depreciation, depletion, or amortization shall be recorded in account 114, Gas Plant Acquisition Adjustments. The original cost of gas plant shall be determined by analysis of the utility's records or those of the predecessor or vendor companies with respect to gas plant previously acquired as operating units or systems and the differences between the original cost so determined, less accumulated provisions for depreciation, depletion and amortization, and the cost to the utility, with necessary adjustments for retirements from the date of acquisition, shall be entered in account 114, Gas Plant Acquisition Adjustments. Any difference between the cost of gas plant and its book cost, when not properly includable in other accounts, shall be recorded in account 116, Other Gas Plant Adjustments.

D. Plant acquired by lease which qualifies as capital lease property under General Instruction 19. *Criteria for Classifying Leases*, shall be recorded in Account 101.1, Property under Capital Leases.

2. *Gas plant to be recorded at cost.* A. All amounts included in the accounts for gas plant acquired as an operating unit or system, except as otherwise provided in the texts of the intangible plant accounts, shall be stated at the cost incurred by the person who first devoted the property

to utility service. All other gas plant shall be included in the accounts at the cost incurred by the utility, except for property acquired by lease which qualifies as capital lease property under General Instruction 19, *Criteria for Classifying Leases*, and is recorded in Account 101.1, Property under Capital Leases. Where the term "cost" is used in the detailed plant accounts, it shall have the meaning stated in this paragraph.

B. When the consideration given for property is other than cash, the value of such consideration shall be determined on a cash basis. (See, however, definition 8.) In the entry recording such transaction, the actual consideration shall be described with sufficient particularity to identify it. The utility shall be prepared to furnish the Commission the particulars of its determination of the cash value of the consideration if other than cash.

C. When property is purchased under a plan involving deferred payments, no charge shall be made to the gas plant accounts for interest, insurance, or other expenditures occasioned solely by such form of payment.

D. The gas plant accounts shall not include the cost or other value of gas plant contributed to the company. Contributions in the form of money or its equivalent toward the construction of gas plant shall be credited to the accounts charged with the cost of such construction. Plant constructed from contributions of cash or its equivalent shall be shown as a reduction to gross plant constructed when assembling cost data in work orders for posting to plant ledger of accounts. The accumulated gross costs of plant accumulated in the work order shall be recorded as a debit in the plant ledger of accounts along with the related amount of contributions concurrently being recorded as a credit.

3. *Components of construction cost.* For Major natural gas companies, the cost of construction properly includable in the gas plant accounts shall include, where applicable, the direct and overhead costs as listed and defined hereunder:

(1) "Contract work" includes amounts paid for work performed under contract by other companies, firms, or individuals, costs incident to the award of such contracts, and the inspection of such work.

(2) "Labor" includes the pay and expenses of employees of the utility engaged on construction work, and related workmen's compensation insurance, payroll taxes and similar items of expense. It does not include the pay and expenses of employees which are distributed to construction through clearing accounts nor the pay and expenses included in other items hereunder.

(3) "Materials and supplies" includes the purchase price at the point of free delivery plus customs duties, excise taxes, the cost of inspection, loading and transportation, the related stores expenses, and the cost of fabricated materials from the utility's shop. In determining the cost of materials and supplies used for construction, proper allowance shall be made for unused materials and supplies, for materials recovered from temporary structures used in performing the work involved, and for discounts allowed and realized in the purchase of materials and supplies.

NOTE: The cost of individual items of equipment of small value (for example, $500 or less) or of short life, including small portable tools and implements, shall not be charged to utility plant accounts unless the correctness of the accounting therefor is verified by current inventories. The cost shall be charged to the appropriate operating expense or clearing accounts, according to the use of such items, or, if such items are consumed directly in construction work, the cost shall be included as part of the cost of the construction.

(4) "Transportation" includes the cost of transporting employees, materials and supplies, tools, purchased equipment, and other work equipment (when not under own power) to and from points of construction. It includes amounts paid to others as well as the cost of operating the utility's own transportation equipment. (See item 5 following.)

(5) "Special machine service" includes the cost of labor (optional), materials and supplies, depreciation, and other expenses incurred in the maintenance, operation and use of special machines, such as steam shovels, pile drivers, derricks, ditchers, scrapers,

material unloaders, and other labor saving machines; also expenditures for rental maintenance and operation of machines of others. It does not include the cost of small tools and other individual items of small value or short life which are included in the cost of materials and supplies. (See item 3, above.) When a particular construction job requires the use for an extended period of time of special machines, transportation or other equipment, the net book cost thereof, less the appraised or salvage value at time of release from the job, shall be included in the cost of construction.

(6) "Shop service" includes the proportion of the expense of the utility's shop department assignable to construction work except that the cost of fabricated materials from the utility's shop shall be included in "materials and supplies."

(7) "Protection" includes the cost of protecting the utility's property from fire or other casualties and the cost of preventing damages to others, or to the property of others, including payments for discovery or extinguishment of fires, cost of apprehending and prosecuting incendiaries, witness fees in relation thereto, amounts paid to municipalities and others for fire protection, and other analogous items of expenditures in connection with construction work.

(8) "Injuries and damages" includes expenditures or losses in connection with the construction work on account of injuries to persons and damages to the property of others; also the cost of investigation of and defense against actions for such injuries and damages. Insurance recovered or recoverable on account of compensation paid for injuries to persons incident to construction shall be credited to the account or accounts to which such compensation is charged. Insurance recovered or recoverable on account of property damages incident to construction shall be credited to the account or accounts charged with the cost of the damages.

(9) "Privileges and permits" includes payments for and expenses incurred in securing temporary privileges, permits or rights in connection with construction work, such as for the use of private or public property, streets, or highways, but it does not include rents, or amounts chargeable as franchises and consents for which see account 302, Franchises and Consents.

(10) "Rents" includes amounts paid for the use of construction quarters and office space occupied by construction forces and amounts properly includible in construction costs for such facilities jointly used.

(11) "Engineering and supervision" includes the portion of the pay and expenses of engineers, surveyors, draftsmen, inspectors, superintendents and their assistants applicable to construction work.

(12) "General administration capitalized" includes the portion of the pay and expenses of the general officers and administrative and general expenses applicable to construction work.

(13) "Engineering services" includes amounts paid to other companies firms, or individuals engaged by the utility to plan, design, prepare estimates, supervise, inspect, or give general advice and assistance in connection with construction work.

(14) "Insurance" includes premiums paid or amounts provided or reserved as self-insurance for the protection against loss and damages in connection with construction, by fire or other casualty, injury to or death of persons other than employees, damages to property of others, defalcation of employees and agents, and the nonperformance of contractual obligations of others. It does not include workmen's compensation or similar insurance on employees included as "labor" in item 2, above.

(15) "Law expenditures" includes the general law expenditures incurred in connection with construction and the court and legal costs directly related thereto, other than law expenses included in protection, item 7, and in injuries and damages, item 8.

(16) "Taxes" includes taxes on physical property (including land) during the period of construction and other taxes properly includible in construction costs before the facilities become available for service.

(17) "Allowance for funds used during construction" (Major and nonmajor natural gas companies) includes

the net cost for the period of construction of borrowed funds used for construction purposes and a reasonable rate on other funds when so used, not to exceed without prior approval of the Commission allowances computed in accordance with the formula prescribed in paragraph (a) below, except when such other funds are used for exploration and development or leases acquired after October 7, 1969, no allowance on such other funds shall be included in these accounts. No allowance for funds used during construction charges shall be included in these accounts upon expenditures for construction projects which have been abandoned.

(a) The formula and elements for the computation of the allowance for funds used during construction shall

$$A_i = s\left(\frac{S}{W}\right) + d\left(\frac{D}{D+P+C}\right)\left(1-\frac{S}{W}\right)$$

$$A_e = \left[1-\frac{S}{W}\right]\left[p\left(\frac{P}{D+P+C}\right)+c\left(\frac{C}{D+P+C}\right)\right]$$

$A_i$ = Gross allowance for borrowed funds used during construction rate.
$A_e$ = Allowance for other funds used during construction rate.
$S$ = Average short-term debt.
$s$ = Short-term debt interest rate.
$D$ = Long-term debt.
$d$ = Long-term debt interest rate.
$P$ = Preferred stock.
$p$ = Preferred stock cost rate.
$C$ = Common equity.
$c$ = Common equity cost rate.
$W$ = Average balance in construction work in progress.

(b) The rates shall be determined annually. The balances for long-term debt, preferred stock and common equity shall be the actual book balances as of the end of the prior year. The cost rates for long-term debt and preferred stock shall be the weighted average cost determined in the manner indicated in § 154.63 of the Commission's Regulations Under the Natural Gas Act. The cost rate for common equity shall be the rate granted common equity in the last rate proceeding before the ratemaking body having primary rate jurisdiction. If such cost rate is not available, the average rate actually earned during the preceding three years shall be used. The short-term debt balances and related cost and the average balance for construction work in progress shall be estimated for the current year with appropriate adjustments as actual data becomes available.

NOTE: When a part only of a plant or project is placed in operation or is completed and ready for service but the construction work as a whole is incomplete, that part of the cost of the property placed in operation, or ready for service, shall be treated as "Gas Utility Plant" and allowance for funds used during construction thereon as a charge to construction shall cease. Allowance for funds used during construction on that part of the cost of the plant which is incomplete may be continued as a charge to construction until such time as it is placed in operation or is ready for service, except as limited in item 17, above.

(18) "Earnings and expenses during construction" includes (a) all revenues derived during the construction period from property which is included in the cost of a project under construction and (b) all expenses which are attributable to the revenues received.

(19) "Training costs" (Major and nonmajor natural gas companies). When it is necessary that employees be trained to operate or maintain plant facilities that are being constructed and such facilities are not conventional in nature or are new to the company's operations, these costs may be capitalized as a component of construction cost. Once plant is placed in service, the capitalization of training costs shall cease, and subsequent training costs shall be expensed. (See Operating Expense Instruction 4.)

(20) "Line pack gas." Line pack includes the first cost of that quantity of gas introduced into the utility's system necessary to bring the system up to its designed operating capacity or increases therein and which must be maintained in the system in order to sustain such design operating capacity.

(21) LNG "heel" is the first cost of that minimum quantity of liquefied natural gas necessary to be retained in holding tanks and other facilities for purposes of temperature and/or pressure maintenance.

(22) "Studies" includes the costs of studies such as operational, safety or environmental studies relative to plant

under construction. Studies mandated by regulatory bodies relative to facilities in service, shall be charged to Account 183.2, Other Preliminary Survey and Investigation Charges.

B. For Nonmajor natural gas companies, the cost of construction of property chargeable to the gas plant accounts shall include, where applicable, fees for construction certificate applications paid after grant of certificate, the cost of labor, materials and supplies, transportation, work done by others for the company, injuries and damages incurred in construction, privileges and permits, special machine service, allowance for funds used during construction, not be exceed without prior approval of the Commission amounts computed in accordance with the formula prescribed in paragraph (a) of paragraph (17) of this instruction; training costs and such portion of general engineering, administrative salaries and expenses, insurance, taxes, and other analogous items as may be properly includible in construction costs. (See Operating Expense Instruction 4). When the company employs its own funds in exploration and development on leases acquired after October 7, 1969, no allowance for funds used during construction on such funds shall be included in these accounts. The rates and balances of short and long-term debt, preferred stock, common equity and construction work in progress shall be determined as prescribed in paragraph (b) of paragraph (17) of this instruction.

4. *Overhead construction costs.* A. All overhead construction costs, such as engineering, supervision, general office salaries and expenses, construction engineering and supervision by others than the accounting utility, law expenses, insurance, injuries and damages, relief and pensions, taxes and interest, shall be charged to particular jobs or units on the basis of the amounts of such overheads reasonably applicable thereto, to the end that each job or unit shall bear its equitable proportion of such costs and that the entire cost of the unit, both direct and overhead, shall be deducted from the plant accounts at the time the property is retired.

B. As far as practicable, the determination of pay roll charges includible in construction overheads shall be based on time card distributions thereof. Where this procedure is impractical, special studies shall be made periodically of the time of supervisory employees devoted to construction activities to the end that only such overhead costs as have a definite relation to construction shall be capitalized. The addition to direct construction costs of arbitrary percentages or amounts to cover assumed overhead costs is not permitted.

C. For Major natural gas companies, the record supporting the entries for overhead construction costs shall be so kept as to show the total amount of each overhead for each year, the nature and amount of each overhead expenditure charged to each construction work order and to each utility plant account, and the bases of distribution of such costs.

5. *Gas plant purchased or sold.* A. When gas plant constituting an operating unit or system is acquired by purchase, merger, consolidation, liquidation, or otherwise, after the effective date of this system of accounts, the costs of acquisition, including expenses incidental thereto properly includible in gas plant, shall be charged to account 102, Gas Plant Purchased or Sold.

B. The accounting for the acquisition shall then be completed as follows:

(1) The original cost of plant, estimated if not known, shall be credited to account 102, Gas Plant Purchased or Sold, and concurrently charged to the appropriate gas plant in service accounts and to account 104, Gas Plant Leased to Others, account 105, Gas Plant Held for Future Use, 105.1, Production Properties Held for Future Use, and account 107, Construction Work in Progress—Gas, as appropriate.

(2) The depreciation, depletion, and amortization applicable to the original cost of the properties purchased, shall be charged to account 102, Gas Plant Purchased or Sold, and concurrently credited to the appropriate account for accumulated provision for depreciation, depletion or amortization.

(3) The cost to the utility of any property includible in account 121, Nonutility Property, shall be transferred thereto.

(4) The amount remaining in account 102, Gas Plant Purchased or Sold, shall then be closed to account 114, Gas Plant Acquisition Adjustments.

C. If property acquired in the purchase of an operating unit or system is in such physical condition when acquired that it is necessary substantially to rehabilitate it in order to bring the property up to the standards of the utility, the cost of such work, except replacements, shall be accounted for as a part of the purchase price of the property.

D. When any property acquired as an operating unit or system includes duplicate or other plant which will be retired by the accounting utility in the reconstruction of the acquired property or its consolidation with previously owned property, the proposed accounting for such property shall be presented to the Commission.

E. In connection with the acquisition of gas plant constituting an operating unit or system, the utility shall procure, if possible, all existing records relating to the property acquired, or certified copies thereof, and shall preserve such records in conformity with regulations or practices governing the preservation of records of its own construction.

F. When gas plant constituting an operating unit or system is sold, conveyed, or transferred to another by sale, merger, consolidation, or otherwise, the book cost of the property sold or transferred to another shall be credited to the appropriate utility plant accounts, including amounts carried in account 114, Gas Plant Acquisition Adjustments. The amounts (estimated if not known) carried with respect thereto in the accounts for accumulated provision for depreciation depletion, and amortization and in account 252, Customer Advances for Construction, shall be charged to such accounts and the contra entries made to account 102, Gas Plant Purchased or Sold. Unless otherwise ordered by the Commission, the difference, if any, between (a) the net amount of debits and credits and (b) the consideration received for the property (less commissions and other expenses of making the sale) shall be included in account 421.1, Gain on Disposition of Property, or account 421.2, Loss on Disposition of Property. (See account 102, Gas Plant Purchased or Sold.)

NOTE: In cases where existing utilities merge or consolidate because of financial or operating reasons or statutory requirements rather than as a means of transferring title of purchased properties to a new owner, the accounts of the constituent utilities, with the approval of the Commission, may be combined. In the event original cost has not been determined, the resulting utility shall proceed to determine such cost as outlined herein.

6. *Expenditures on leased property.* A. The cost of substantial initial improvements (including repairs, rearrangements, additions, and betterments) made in the course of preparing for utility service property leased for a period of more than one year, and the cost of subsequent substantial additions, replacements, or betterments to such property, shall be charged to the gas plant account appropriate for the class of property leased. If the service life of the improvements is terminable by action of the lease, the cost, less net salvage, of the improvements shall be spread over the life of the lease by charges to account 404.3, Amortization of Other Limited-Term Gas Plant (For Nonmajor companies, account 404, Amortization of Limited-Term Gas Plant). However, if the service life is not terminated by action of the lease but by depreciation proper, the cost of the improvements, less net salvage, shall be accounted for as depreciable plant. The provisions of this paragraph are applicable to property leased under either capital leases or operating leases.

B. If improvements made to property leased for a period of more than one year are of relatively minor cost, or if the lease is for a period of not more than one year, the cost of the improvements shall be charged to the account in which the rent is included, either directly or by amortization thereof.

7. *Land and land rights.* A. The accounts for land and land rights shall include the cost of land owned in fee by the utility and rights, interests, and privileges held by the utility in land owned by others, such as leaseholds, easements, rights-of-way, natural gas rights, and other like interests in land. Do not include in the accounts for land and land rights and rights-of-way costs incurred in connection with first clearing and grading of land and rights-of-way and the damage costs associated with the construction and installation of plant. Such costs shall be included in the appropriate plant accounts directly benefited.

B. Where special assessments for public improvements provide for deferred payments, the full amount of the assessments shall be charged to the appropriate land account and the unpaid balance shall be carried in an appropriate liability account. Interest on unpaid balances shall be charged to the appropriate interest account. If any part of the cost of public improvement is included in the general tax levy, the amount thereof shall be charged to the appropriate tax account.

C. The net profit from the sale of timber, cord wood, sand, gravel, other resources or other property acquired with the rights-of-way or other lands shall be credited to the appropriate plant account to which related. Where land is held for a considerable period of time and timber and other natural resources on the land at the time of purchase increases in value, the net profit (after giving effect to the cost of the natural resources) from the sales of timber or its products or other natural resources shall be credited to the appropriate utility operating income account when such land has been recorded in account 105, Gas Plant Held for Future Use, or in the case of Major companies, account 105.1, Production Properties Held for Future Use, or classified as plant in service otherwise to account 421, Miscellaneous Nonoperating Income.

D. Separate entries shall be made for the acquisition, transfer, or retirement of each parcel of land, and each land right, or gas right (except rights-of-way for distribution mains), having
a life of more than one year. A recor
shall be maintained showing th
nature of ownership, full legal descrip
tion, area, map reference, purpose fo
which used, city, county, and tax dis
trict in which situated, from whom
purchased or to whom sold, paymen
given or received, other costs, contrac
date and number, date of recording o
deed, and book and page of record. En-
tries transferring or retiring land o
land rights shall refer to the origina
entry recording its acquisition. In th
case of Major companies, a parcel o
land acquired and carried on the book
as a unit is not required to be subdivid
ed with transfers to other land a
counts merely because of the erectio
thereon of an incidental structure t
be used in gas operations but for
purpose differing from that for whic
the land is chiefly employed; for ex
ample, a small storehouse on produ
tion plant land.

E. Any difference between th
amount received from the sale of lan
or land rights, less agents' commis
sions and other costs incident to th
sale, and the book cost of such land o
rights shall be included in accoun
411.6, Gains from Disposition of Uti
ty Plant or 411.7, Losses from Dispos
tion of Utility Plant when such prop
erty has been recorded in account 10
Gas Plant Held for Future Use or i
the case of Major companies, 105.
Production Properties Held for Futur
Use, otherwise to account 421.1, Ga
on Disposition of Property or 421.
Loss on Disposition of Property, as a
propriate, unless a reserve thereto
has been authorized and provided. A
propriate adjustments of the accoun
shall be made with respect to an
structures or improvements located o
land sold.

F. The cost of buildings and othe
improvements (other than public i
provements) shall not be included i
the land accounts. If at the time of a
quisition of an interest in land such i
terest extends to buildings or othe
improvements (other than public i
provements), which are then devote
to utility operations, the land and i
provements shall be separately a
praised and the cost allocated to lan
and buildings or improvements on th
basis of the appraisals. If the impro

ments are removed or wrecked without being used in operations, the cost of removing or wrecking shall be charged and the salvage credited to the account in which the cost of the land is recorded.

G. When the purchase of land for gas operations requires the purchase of more land than needed for such purposes, the charge to the specific land account shall be based upon the cost of the land purchased, less the fair market value of that portion of the land which is not to be used in utility operations. The portion of the cost measured by the fair market value of the land not to be used shall be included in account 105, Gas Plant Held for Future Use or, in the case of Major Companies, account 121, Nonutility Property, as appropriate. Regarding land and land rights held for the production of natural gas, account 101, Gas Plant in Service, shall include (1) the cost of lands owned in fee upon which producing natural gas wells are located on lands owned in fee which are being drained through the operation by the utility of wells on the other land, and (2) the first cost of lands held under lease upon which the utility pays royalties for the natural gas obtained therefrom. The cost of all other land and land rights held for the production of natural gas under a plant for such use shall be included in account 105, Gas Plant Held for Future Use, or 105.1, Production Properties Held for Future Use, as appropriate.

NOTE: In addition to the accounting records prescribed herein, supplemental records of land and land rights held for future use shall be kept in such manner as to permit the segregation within a reasonable time of the land and land rights constituting (1) productive but nonproducing fields, (2) unproven or undeveloped fields, and (3) storage fields, and to show the following data with respect to each natural gas lease, regardless of the accounting treatment accorded the lease costs; (a) name of lessor, (b) location of leasehold and number or other identification assigned thereto, (c) date and period of lease agreement, (d) first cost of lease including details of the elements of such cost, (e) annual rental provisions, (f) date and cost of drilling, (g) date gas determined to exist, (h) date of completion of first well drilled by the utility in each pool of gas, (i) royalty provisions, (j) amortization and depletion provisions, and (k) date of abandonment of lease.

H. Provision shall be made for amortizing amounts carried in the accounts for limited-term interests in land, so as to apportion equitably the cost of each interest over the life thereof. For the purposes of amortization of natural gas rights, separate interests in land which comprise an interest in a production area may be grouped to form a depletion unit. (For Major companies, see account 111, Accumulated Provision for Amortization and Depletion of Gas Utility Plant, account 404.1, Amortization and Depletion of Producing Natural Gas Land and Land Rights, account 404.3, Amortization of Other Limited-Term Gas Plant. For Nonmajor companies, see account 403.1, Depreciation and Depletion Expense, and account 110, Accumulated Provision for Depreciation, Depletion and Amortization of Gas Utility Plant. See also account 797, Abandoned Leases, for the accounting for abandonments of natural gas leases which have never been productive.)

I. The items of cost to be included in the accounts for land and land rights are as follows:

1. Bulkheads, buried, not requiring maintenance or replacement.
2. Cost, first, of acquisition including mortgages and other liens assumed (but not subsequent interest thereon).
3. [Reserved]
4. Condemnation proceedings, including court and counsel costs.
5. Consents and abutting damages, payment for.
6. Conveyancers' and notaries' fees.
7. Fees, commissions, and salaries to brokers, agents, and others in connection with the acquisition of the land or land rights.
8. [Reserved]
9. Leases, cost of voiding upon purchase to secure possession of land.
10. Removing, relocating, or reconstructing, property of others, such as buildings, highways, railroads, bridges, cemeteries, churches, telephone and power lines, etc., in order to acquire quiet possession.
11. Retaining walls unless identified with structures.
12. Special assessments levied by public authorities for public improvements on the basis of benefits for new roads, new bridges, new sewers, new curbing, new pavements, and other public improvements, but not

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taxes levied to provide for the maintenance of such improvements.

13. Surveys in connection with the acquisition, but not amounts paid for topographical surveys and maps where such costs are attributable to structures or plant equipment erected or to be erected or installed on such land.

14. Taxes assumed, accrued to date of transfer of title.

15. Title, examining, clearing, insuring, and registering in connection with the acquisition and defending against claims relating to the period prior to the acquisition.

16. Appraisals prior to closing title.

17. Cost of dealing with distributees or legatees residing outside of the state or county, such as recording power of attorney, recording will or exemplification of will, recording satisfaction of state tax.

18. Filing satisfaction of mortgage.

19. Documentary stamps.

20. Photographs of property at acquisition.

21. Fees and expenses incurred in the acquisition of water rights, and grants.

22. Cost of fill to extend bulkhead line over land under water, where riparian rights are held, which is not occasioned by the erection of a structure.

23. Sidewalks and curbs constructed by the utility on public property.

24. Labor and expenses in connection with securing rights of way, where performed by company employees and company agents.

8. *Structures and improvements.* A. The accounts for structures and improvements shall include the cost of all buildings and facilities to house, support, or safeguard property or persons, including all fixtures permanently attached to and made a part of buildings and which cannot be removed therefrom without cutting into the walls, ceilings, or floors, or without in some way impairing the buildings, and improvements of a permanent character on or to land. Also include those costs incurred in connection with the first clearing and grading of land and rights-of-way, and the damage costs associated with construction and installation of plant.

B. The cost of specially provided foundations not intended to outlast the machinery or apparatus for which provided, and the cost of angle irons, castings, etc., installed at the base of an item of equipment, shall be charged to the same account as the cost of the machinery, apparatus, or equipment.

C. Minor buildings and structur
may be considered a part of the fac
ty in connection with which construc
ed or operated and the cost thereof a
counted for accordingly when t
nature of the structure and facility
dicates the correctness of such
counting.

D. Where furnaces and boilers a
used primarily for furnishing stea
for some particular department a
only incidentally for furnishing stea
for heating a building and operati
the equipment therein, the entire co
of such furnaces and boilers shall
charged to the appropriate plant a
count, and no part to the building a
count.

E. The cost of disposing of materia
excavated in connection with constru
tion of structures shall be considere
as a part of the cost of such wor
except as follows: (a) When such ma
rial is used for filling, the cost of lo
ing, hauling, and dumping shall be e
uitably apportioned between the wo
in connection with which the remov
occurs and the work in connecti
with which the material is used;
when such material is sold, the
amount realized from such sales sha
be credited to the work in connecti
with which the removal occurs. If t
amount realized from the sale of exc
vated materials exceeds the remov
costs and the costs in connection w
the sale, the excess shall be credited
the land account in which the site
carried.

F. Lighting or other fixtures temp
rarily attached to buildings for
poses of display or demonstrati
shall not be included in the cost of t
building but in the appropriate equ
ment account.

G. The items of cost to be include
in the accounts for structures and
provements are as follows:

1. Architects' plans and specifications
cluding supervision.

2. Ash pits (when located within the bu
ing) (Major natural gas companies).

3. Athletic field structures and impro
ments.

4. Boilers, furnaces, piping, wiring,
tures, and machinery for heating, lighti
signaling, ventilating, and air condition
systems, plumbing, vacuum cleaning
tems, incinerator and smoke pipe, flues,

5. Bulkheads, including dredging, riprap fill, piling, decking, concrete, fenders, etc., when exposed and subject to maintenance and replacement.

6. Chimneys (Major natural gas companies).

7. Coal bins and bunkers.

8. Commissions and fees to brokers, agents, architects and others.

9. Conduit (not to be removed) with its contents.

10. Damages to abutting property during construction.

11. Docks (Major natural gas companies).

12. Door checks and door stops (Major natural gas companies).

13. Drainage and sewerage systems.

14. Elevators, cranes, hoists, etc., and the machinery for operating them.

15. Excavation, including shoring, bracing, bridging, refill, and disposal of excess excavated material, cofferdams around foundation, pumping water from cofferdam during construction, and test borings.

16. Fences and fence curbs (not including protective fences insolating items of equipment, which shall be charged to the appropriate equipment account).

17. Fire protection systems when forming a part of a structure.

18. Flagpole (Major natural gas companies).

19. Floor covering (permanently attached) (Major natural gas companies).

20. Foundations and piers for machinery, constructed as a permanent part of a building or other items listed herein.

21. Grading and clearing when directly occasioned by the building of a structure.

22. Holders—Relief, (Major natural gas companies).

23. Intrasite communication system, poles, pole fixtures, wires and cables.

24. Landscaping, lawns, shrubbery, etc.

25. Leases, voiding upon purchase to secure possession of structures.

26. Leased property, expenditures on.

27. Lighting fixtures and outside lighting system.

28. Mailchutes when part of a building (Major natural gas companies).

29. Marquee, permanently attached to building (Major natural gas companies).

30. Painting, first coat.

31. Permanent paving, concrete, brick, flagstone, asphalt, etc. within the property lines.

32. Partitions, including movable (Major natural gas companies).

33. Permits and privileges.

34. Platforms, railings and gratings when constructed as a part of a structure.

35. Power boards for services to a building (Major natural gas companies).

36. Refrigerating systems for general use (Major natural gas companies).

37. Retaining walls except when identified with land.

38. Roadways, railroads, bridges, and trestles, intrasite, except railroads provided for in equipment accounts.

39. Roofs (Major natural gas companies).

40. Scales, connected to and forming a part of a structure (Major natural gas companies).

41. Screens (Major natural gas companies).

42. Sewer systems, for general use (Major natural gas companies).

43. Sidewalks, culverts, curbs and streets constructed by the utility on its property.

44. Sprinkling systems (Major natural gas companies).

45. Sump pumps and pits (Major natural gas companies).

46. Stacks—brick, steel, or concrete, when set on foundation forming part of general foundation and steelwork of a building.

47. Steel inspection during construction (Major natural gas companies).

48. Storage facilities constituting a part of a building.

49. Storm doors and windows (Major natural gas companies).

50. Subways, areaways, and tunnels, directly connected to and forming part of a structure.

51. Tanks, constructed as part of a building or as a distinct structural unit.

52. Temporary heating during construction (net cost) (Major natural gas companies).

53. Temporary water connection during construction (net cost) (Major natural gas companies).

54. Temporary shanties and other facilities used during construction (net cost).

55. Topographical maps (Major natural gas companies).

56. Tunnels, intake and discharge, when constructed as part of a structure, including sluice gates, and those constructed to house mains.

57. Vaults constructed as part of a building.

58. Watchmen's sheds and clock systems (net cost when used during construction only) (Major natural gas companies).

59. Water basins or reservoirs.

60. Water front improvements (Major natural gas companies).

61. Water meters and supply system for a building or for general company purposes (Major natural gas companies).

62. Water supply piping, hydrants and wells (Major natural gas companies).

63. Wharves.

64. Window shades and ventilators (Major natural gas companies).

65. Yard drainage system (Major natural gas companies).

66. Yard lighting system (Major natural gas companies).

67. Yard surfacing, gravel, concrete, or oil (First cost only) (Major natural gas companies).

NOTE: Structures and Improvements accounts shall be credited with the cost of coal bunkers, stacks, foundations, subways, tunnels, etc., the use of which has terminated with the removal of the equipment with which they are associated even though they have not been physically removed.

9. *Equipment.* A. The cost of equipment chargeable to the gas plant accounts, unless otherwise indicated in the text of an equipment account, includes the net purchase price thereof, sales taxes, investigation and inspection expenses necessary to such purchase, expenses of transportation when borne by the utility, labor employed, materials and supplies consumed, and expenses incurred by the utility in unloading and placing the equipment in readiness to operate. Also include those costs incurred in connection with the first clearing and grading of land and rights-of-way and the damage costs associated with construction and installation of plant.

B. Exclude from equipment accounts hand and other portable tools which are likely to be lost or stolen or which have relatively small value (for example, $500 or less) or short life, unless the correctness of the accounting therefor as gas plant is verified by current inventories. Special tools acquired and included in the purchase price of equipment shall be included in the appropriate plant account. Portable drills and similar tool equipment when used in connection with the operation and maintenance of a particular plant or department, such as production, transmission, distribution, etc., or in "stores," shall be charged to the plant account appropriate for their use.

C. The equipment accounts shall include angle irons and similar items which are installed at the base of an item of equipment, but piers and foundations which are designed to be as permanent as the buildings which house the equipment, or which are constructed as a part of the building and which cannot be removed without cutting into the walls, ceilings or floors or without in some way impairing the building, shall be included the building accounts.

D. The equipment accounts shall clude the necessary costs of testing running a plant or part thereof dur an experimental or test period prior becoming available for service. Th utility shall furnish the Commissio with full particulars of and justific tion for any test or experimental ru extending beyond a period of thir days.

E. The cost of efficiency or othe tests made subsequent to the da equipment becomes available for ser ice shall be charged to the appropria expense accounts, except that tests determine whether equipment mee the specifications and requirements to efficiency, performance, etc., gua anteed by manufacturers, made afte operations have commenced a within the period specified in th agreement or contract of purchas may be charged to the appropriate g plant account.

10. *Additions and retirements of g plant.* A. For the purpose of avoidi undue refinement in accounting additions to and retirements and r placements of gas plant, all proper shall be considered as consisting of retirement units and (2) minor item of property. Each utility shall u such list of retirement units as is use by it at the effective date here or as may be prescribed by the Co mission, with the option, however, using smaller units, provided the ut ity's practice in this respect is consis ent.

B. The addition and retirement retirement units shall be accoun for as follows:

(1) When a retirement unit is add to gas plant, the cost thereof shall added to the appropriate gas plant count, except that when units are quired in the acquisition of any p plant constituting an operating sy tem, they shall be accounted for provided in gas plant instruction 5.

(2) When a retirement unit is retir from gas plant, with or without placement, the book cost thereof sha be credited to the gas plant account which it is included, determined in th manner set forth in paragraph below. If the retirement unit is of a

preciable class, the book cost of the unit retired and credited to gas plant shall be charged to the accumulated provision for depreciation applicable to such property. The cost of removal and the salvage shall be charged or credited, as appropriate, to such depreciation account.

C. The addition and retirement of minor items of property shall be accounted for as follows:

(1) When a minor item of property which did not previously exist is added to plant, the cost thereof shall be accounted for in the same manner as for the addition of a retirement unit, as set forth in paragraph B(1), above, if a substantial addition results, otherwise the charge shall be to the appropriate maintenance expense account.

(2) When a minor item of property is retired and not replaced, the book cost thereof shall be credited to the gas plant account in which it is included; and, in the event the minor item is a part of depreciable plant, the account for accumulated provision for depreciation shall be charged with the book cost and cost of removal and credited with the salvage. If, however, the book cost of the minor item retired and not replaced has been or will be accounted for by its inclusion in the retirement unit of which it is a part when such unit is retired, no separate credit to the property account is required when such minor item is retired.

(3) When a minor item of depreciable property is replaced independently of the retirement unit of which it is a part, the cost of replacement shall be charged to the maintenance account appropriate for the item, except that if the replacement effects a substantial betterment (the primary aim of which is to make the property affected more useful, more efficient, or of greater durability, or of greater capacity), the excess cost of the replacement over the estimated cost at current prices of replacing without betterment shall be charged to the appropriate gas plant account.

D. The book cost of gas plant retired shall be the amount at which such property is included in the gas plant accounts, including all components of construction costs. The book cost shall be determined from the utility's records and if this cannot be done, it shall be estimated. When it is impracticable to determine the book cost of each unit, due to the relatively large number or small cost thereof, an appropriate average book cost of the units, with due allowance for any differences in size and character, shall be used as the book cost of the units retired.

E. The book cost of land retired shall be credited to the appropriate land account. If the land is sold, the difference between the book cost (less any accumulated provision for depreciation, depletion or amortization therefor which has been authorized and provided) and the sale price of the land (less commissions and other expenses of making the sale) shall be recorded in account 411.6, Gains from Disposition of Utility Plant or 411.7, Losses from Disposition of Utility Plant when the property has been recorded in account 105, Gas Plant Held for Future Use or in the case of Major companies, account 105.1, Production Properties Held for Future Use, otherwise to accounts 421.1, Gain on Disposition of Property or 421.2, Loss on Disposition of Property, as appropriate. If the land is not used in utility service but is retained by the utility, the book cost shall be charged to account 105, Gas Plant Held for Future Use, or account 121, Nonutility Property as appropriate.

F. The book cost less net salvage of depreciable gas plant retired shall be charged in its entirety to account 108, Accumulated Provision for Depreciation of Gas Plant in Service (account 110, Accumulated Provision for Depreciation, Depletion and Amortization of Gas Utility Plant, in the case of Nonmajor companies). Any amounts which, by approval or order of the Commission, are charged to account 182, Extraordinary Property Losses, shall be credited to account 108 (account 110 for Nonmajor companies).

G. In the case of Major companies, the accounting for the retirement of amounts included in account 302, Franchises and Consents, and account 303, Miscellaneous Intangible Plant, and the item of limited-term interest in land included in the accounts for land and land rights, shall be as provided for in the text of account 111, Accumulated Provision for Amortization and Depletion of Gas Utility Plant, account 404.3, Amortization of Other Limited-Term Gas Plant, and account 405, Amortization of Other Gas Plant.

11. *Work order and property record system required.* A. Each utility shall record all construction and retirements of gas plant by means of work orders or job orders. Separate work orders may be opened for additions to and retirements of gas plant or the retirements may be included with the construction work order, provided, however, that all items relating to the retirements shall be kept separate from those relating to construction and provided, further, that any maintenance costs involved in the work shall likewise be segregated.

B. Each utility shall keep its work order system so as to show the nature of each addition to or retirement of gas plant, the total cost thereof, the source or sources of costs, and the gas plant account or accounts to which charged or credited. Work orders covering jobs of short duration may be cleared monthly.

C. In the case of Major companies, each utility shall maintain records in which, for each plant account, the amounts of the annual additions and retirements, subsequent to the effective date of this system of accounts, are classified so as to show the number and cost of the various record units or retirement units.

12. *Transfers of property.* When property is transferred from one gas plant account to another, from one utility department to another (such as from gas to electric), from one operating division or area to another, to or from account 101, Gas Plant in Service, 104, Gas Plant Leased to Others, 105, Gas Plant Held for Future Use, (105.1, Production Properties Held For Future Use, in the case of Major companies), and 121, Nonutility Property, the transfer shall be recorded by transferring the original cost thereof from the one account, department, or location to the other. Any related amounts carried in the accounts for accumulated provisions for depreciation, depletion, or amortization shall be transferred in accordance with the segregation of such accounts.

NOTE (Major companies): Amounts included in account 111, Accumulated Provision for Amortization and Depletion of Gas Utility Plant, shall not be related to a particular natural gas lease, and therefore, shall not be transferred under the provisions of this instruction.

13. *Common utility plant.* A. If the utility is engaged in more than one utility service such as gas, electric, and water, and any of its utility plant is used in common for several utility services or for other purposes to such an extent and in such manner that it is impracticable to segregate it by utility services currently in the accounts, such property, with the approval of the Commission, may be designated and classified as "common utility plant."

B. The book amount of utility plant designated as common plant shall be included in account 118, Other Utility Plant, and if applicable in part to gas department, shall be segregated and accounted for in subaccounts as gas plant is accounted for in accounts 101 to 107, inclusive, and gas plant adjustments in account 116; any amounts classifiable as common plant acquisition adjustments or common plant adjustments shall be subject to disposition as provided in paragraph C and B of accounts 114 and 116, respectively for amounts classified in those accounts. The original cost of common utility plant in service shall be classified according to detailed utility plant accounts appropriate for the property.

C. The utility shall be prepared to show at any time and to report to the Commission annually, or more frequently, if required, and by utility plant accounts (301 to 399) the following: (1) The book cost of common utility plant, (2) the allocation of such cost to the respective departments using the common utility plant, and (3) the basis of the allocation.

D. The accumulated provision for depreciation and amortization of the utility shall be segregated so as to show the amount applicable to the property classified as common utility plant.

E. The expenses of operation maintenance, rents, depreciation and amortization of common utility plant shall be recorded in the accounts prescribed herein, but designated as common expenses, and the allocation of such expenses to the departments using the common utility plant shall be supported in such manner as to reflect readily the basis of allocation used.

14. *Employee villages and living quarters (Major natural gas companies).* Where employee villages or living quarters are provided for operators and attendants of a functional installation such as a compressor station or gasoline plant, the structures and improvements shall be classified in the related functional structures and improvements account. The furnishings of such residential and recreational facilities shall be classified in the equipment account of the related function.

15. *Fees for applications filed with the Commission.* A. Fees for applications involving construction of property shall be accounted for as follows:

(1) All fees paid prior to the final disposition of the certificate application shall be charged to account 186, Miscellaneous Deferred Debits (account 180, Other Deferred Debits, in the case of Nonmajor companies).

(2) If the certificate is granted and accepted, the amounts recorded in account 186 shall be cleared to account 107, Construction Work in Progress—Gas, and subsequently cleared to the appropriate plant accounts (the amounts recorded in account 186 shall be cleared to the appropriate plant accounts, in the case of Nonmajor companies).

(3) If the certificate requested is not granted or is not accepted by the applicant, the fees recorded in account 186 (Account 180 in the case of Nonmajor companies) shall be cleared to account 928, Regulatory Commission Expenses.

(4) All amounts paid after the Commission has granted the certificate shall be recorded in account 107, Construction Work in Progress—Gas, and subsequently cleared to the appropriate plant accounts.

B. All amounts paid related to certificate applications involving the acquisitions of facilities including those acquired by merger or pooling of interests shall be charged to account 928, Regulatory Commission Expenses.

C. All other fees for applications not involving construction or acquisition of facilities shall be charged to account 928, Regulatory Commission Expenses.

16. *Transmission and distribution plant (Nonmajor natural gas companies).* For the purposes of this system of accounts:

A. "Transmission system" means the land, structures, mains, valves, meters, boosters, regulators, tanks, compressors and their driving units and appurtenances, and other equipment used primarily for transmitting gas from a production plant, delivery point of purchased gas, gathering system storage area, or other wholesale source of gas, to one or more distribution areas. The transmission system begins at the outlet side of the valve at the connection to the last equipment in a manufactured gas plant, the connection to gathering lines or delivery point of purchased gas, and includes the equipment at such connection that is used to bring the gas to transmission pressure, and ends at the outlet side of the equipment which meters or regulates the entry of gas into the distribution system or into a storage area. It does not include storage, land, structures or equipment. Pipeline companies, including those companies which measure deliveries of gas to their own distribution systems, shall include city gate and main line industrial measuring and regulating stations in the transmission function.

B. "Distribution system" means the mains which are provided primarily for distributing gas within a distribution area, together with land, structures, valves, regulators, services and measuring devices, including the mains for transportation of gas from production plants or points of receipt located within such distribution area to other points therein. The distribution system owned by companies having no transmission facilities connected to such distribution system begins at the inlet side of the distribution system equipment which meters or regulates the entry of gas into the distribution system and ends with and includes property on the customer's premises. For companies which own both transmission and distribution facilities on a continuous line, the distribution system begins at the outlet side of the equipment which meters or regulates the entry of gas into the distribution system and ends with and includes property on the customer's premises. The distribution system does not include storage land, structures, or equipment.

C "Distribution area" as used herein means a metropolitan area or other urban area comprising one or more adjacent or nearby cities, villages or unincorporated areas, including areas contiguous to main highways.

## Operating Expense Instructions

1. *Supervision and engineering (Major natural gas companies).* The supervision and engineering includible in the operating expense accounts shall consist of the pay and expenses of superintendents, engineers, clerks, other employees and consultants engaged in supervising and directing the operation and maintenance of each utility function. Wherever allocations are necessary in order to arrive at the amount to be included in any account the method and basis of allocation shall be reflected by underlying records.

ITEMS

*Labor:*

1. Special tests to determine efficiency of equipment operation.

2. Preparing or reviewing budgets, estimates, and drawings relating to operation or maintenance for departmental approval.

3. Preparing instructions for operations and maintenance activities.

4. Reviewing and analyzing operating results.

5. Establishing organizational setup of departments and executing changes therein.

6. Formulating and reviewing routines of departments and executing changes therein.

7. General training and instruction of employees by supervisors whose pay is chargeable hereto. Specific instruction and training in a particular type of work is chargeable to the appropriate functional account. (See Gas Plant Instruction 3(19).)

8. Secretarial work for supervisory personnel, but not general clerical and stenographic work chargeable to other accounts.

*Expenses:*

9. Consultants' fees and expenses.

10. Meals, traveling and incidental
penses.

2. *Maintenance.* A. The cost of ma
tenance chargeable to the various
erating expense and clearing accou
includes labor, materials, overhe
and other expenses incurred in ma
tenance work. A list of work op
ations applicable generally to util
plant is included hereunder. Oth
work operations applicable to spec
classes of plant are listed in function
maintenance expense accounts.

B. Materials recovered in connect
with the maintenance of prope
shall be credited to the same acco
to which the maintenance cost
charged.

C. If the book cost of any propert
carried in account 102, Gas Plant P
chased or Sold, the cost of maint
ing such property shall be charged
the accounts for maintenance of pro
erty of the same class and use, t
book cost of which is carried in oth
gas plant in service accounts. Mai
nance of property leased from oth
shall be treated as provided in oper
ing expense instruction 3.

ITEMS

1. Direct field supervision of mainten
2. Inspecting, testing, and reporting
condition of plant specifically to determ
the need for repairs, replacements,
arrangements and changes and inspec
and testing the adequacy of repairs w
have been made.
3. Work performed specifically for
purpose of preventing failure, resto
serviceability or maintaining life of plan
4. Rearranging and changing the loc
of plant not retired.
5. Repairing for reuse materials recov
from plant.
6. Testing for, locating and clearing t
ble.
7. Net cost of installing, maintaining
removing temporary facilities to pre
interruptions in service.
8. Replacing or adding minor item
plant which do not constitute a retire
unit. (See gas plant instruction 10.)

3. *Rents.* A. The rent expens
counts provided under the sev
functional groups of expense acco
shall include all rents, including t
paid by the lessee on leased prop
for property used in utility operat

except (1) minor amounts paid for occasional or infrequent use of any property or equipment and all amounts paid for use of equipment that, if owned, would be includible in plant accounts 391 to 398, inclusive, which shall be treated as an expense item and included in the appropriate functional account and (2) rents which are chargeable to clearing accounts, and distributed therefrom to the appropriate account. If rents cover property used for more than one function, such as production and transmission, or by more than one department, the rents shall be apportioned to the appropriate rent expense or clearing accounts of each department on an actual, or, if necessary, an estimated basis.

B. When a portion of property or equipment rented from others for use in connection with utility operations is subleased, the revenue derived from such subleasing shall be credited to the rent revenue account in operating revenues: *Provided, however*, That in case the rent was charged to a clearing account, amounts received from subleasing the property shall be credited to such clearing account.

C. The cost, when incurred by the lessee, of operating and maintaining leased property, shall be charged to the accounts appropriate for the expense if the property were owned.

D. The cost incurred by the lessee of additions and replacements to gas plant leased from other shall be accounted for as provided in gas plant instruction 6.

4. *Training costs.* When it is necessary that employees be trained to specifically operate or maintain plant facilities that are being constructed, the related costs shall be accounted for as a current operating and maintenance expense. These expenses shall be charged to the appropriate functional accounts currently as they are incurred. However, when the training costs involved relate to facilities which are not conventional in nature, or are new to the company's operations, then see Gas Plant Instruction 3(19) for accounting.

## Balance Sheet Chart of Accounts

### ASSETS AND OTHER DEBITS

### 1. UTILITY PLANT

101 Gas plant in service.
101.1 Property under capital leases.
102 Gas plant purchased or sold.
103 Experimental gas plant unclassified (Major only).
103.1 Gas plant in process of reclassification (Nonmajor only).
104 Gas plant leased to others.
105 Gas plant held for future use.
105.1 Production properties held for future use (Major only).
106 Completed construction not classified—Gas (Major only).
107 Construction work in progress—Gas.
108 Accumulated provision for depreciation of gas utility plant (Major only).
109 [Reserved]
110 Accumulated provision for depreciation, depletion, and amortization of gas utility plant (Nonmajor only).
111 Accumulated provision for amortization and depletion of gas utility plant (Major only).
111.1–111.2 [Reserved]
112 [Reserved]
113.1–113.2 [Reserved]
114 Gas plant acquisition adjustments.
115 Accumulated provision for amortization of gas plant acquisition adjustments (Major only).
116 Other gas plant adjustments.
117 Gas stored underground—Noncurrent (Major only).
118 Other utility plant.
119 Accumulated provision for depreciation and amortization of other utility plant.

### 2. OTHER PROPERTY AND INVESTMENTS

121 Nonutility property.
122 Accumulated provision for depreciation and amortization of nonutility property.
123 Investment in associated companies (Major only).
123.1 Investment in subsidiary companies (Major only).
124 Other investments.
125 Sinking funds (Major only).
126 Depreciation fund (Major only).
128 Other special funds (Major only).
129 Special funds (Nonmajor only).

### 3. CURRENT AND ACCRUED ASSETS

130 Cash and working funds (Nonmajor only).
131 Cash (Major only).
132 Interest special deposits (Major only).
133 Dividend special deposits (Major only).
134 Other special deposits (Major only).

135 Working funds (Major only).
136 Temporary cash investments.
141 Notes receivable.
142 Customer accounts receivable.
143 Other accounts receivable.
144 Accumulated provision for uncollectible accounts—Cr.
145 Notes receivable from associated companies.
146 Accounts receivable from associated companies.
151 Fuel stock (Major only).
152 Fuel stock expenses undistributed (Major only).
153 Residuals and extracted products (Major only).
154 Plant materials and operating supplies (Major only).
155 Merchandise (Major only).
156 Other materials and supplies (Major only).
163 Stores expense undistributed (Major only).
164.1 Gas stored underground—current.
164.2 Liquefied natural gas stored.
164.3 Liquefied natural gas held for processing (Major only).
165 Prepayments.
166 Advances for gas exploration, development, and production (Major only).
167 Other advances for gas (Major only).
171 Interest and dividends receivable (Major only).
172 Rents receivable (Major only).
173 Accrued utility revenues (Major only).
174 Miscellaneous current and accrued assets.

### 4. Deferred Debits

181 Unamortized debt expense.
182.1 Extraordinary property losses.
182.2 Unrecovered plant and regulatory study costs.
183.1 Preliminary natural gas survey and investigation charges (Major only).
183.2 Other preliminary survey and investigation charges (Major only).
184 Clearing accounts (Major only).
185 Temporary facilities (Major only).
186 Miscellaneous deferred debits.
187 Deferred losses from disposition of utility plant.
188 Research, development, and demonstration expenditures (Major only).
189 Unamortized loss on reacquired debt.
190 Accumulated deferred income taxes.
191 Unrecovered purchased gas costs.

## LIABILITIES AND OTHER CREDIT

### 5. Proprietary Capital

201 Common stock issued.
202 Common stock subscribed (Major only).
203 Common stock liability for conversion (Major only).
204 Preferred stock issued.
205 Preferred stock subscribed (M only).
206 Preferred stock liability for conver (Major only).
207 Premium on capital stock (M only).
208 Donations received from stockho (Major only).
209 Reduction in par or stated valu capital stock (Major only).
210 Gain on resale or cancellation of quired capital stock (Major only).
211 Miscellaneous paid-in capital.
212 Installments received on capital
213 Discount on capital stock.
214 Capital stock expense.
215 Appropriated retained earnings
216 Unappropriated retained earnings
216.1 Unappropriated undistributed su iary earnings (Major only).
217 Reacquired capital stock.
218 Noncorporate proprietorship (Ma jor only).

### 6. Long Term Debt

221 Bonds.
222 Reacquired bonds (Major only).
223 Advances from associated compan
224 Other long-term debt.
225 Unamortized premium on long debt.
226 Unamortized discount on long debt—Debit.

### 7. Other Noncurrent Liabilities

227 Obligations under capital leases- current.
228.1 Accumulated provision for prop insurance.
228.2 Accumulated provision for inj and damages.
228.3 Accumulated provision for pe and benefits.
228.4 Accumulated miscellaneous op ing provisions.
229 Accumulated provision for rat funds.

### 8. Current and Accrued Liabiliti

231 Notes payable.
232 Accounts payable.
233 Notes payable to associated com
234 Accounts payable to associated co nies.
235 Customer deposits.
236 Taxes accrued.
237 Interest accrued.
238 Dividends declared (Major only)
239 Matured long-term debt (Major on
240 Matured interest (Major only).
241 Tax collections payable (Major on
242 Miscellaneous current and accru abilities.
243 Obligations under capital leas rent.

### 9. DEFERRED CREDITS

252 Customer advances for construction.
253 Other deferred credits.
255 Accumulated deferred investment tax credits.
256 Deferred gains from disposition of utility plant.
257 Unamortized gain on reacquired debt.
281 Accumulated deferred income taxes—Accelerated amortization property.
282 Accumulated deferred income taxes—Other property.
283 Accumulated deferred income taxes—Other.

## Balance Sheet Accounts

### 101 Gas plant in service.

A. This account shall include the original cost of gas plant, included in accounts 301 to 399 prescribed herein, owned and used by the utility in its gas operations, and having an expectation of life in service of more than one year from date of installation. Including such property owned by the utility but held by nominees. (See also account 106 for unclassified construction costs of completed plant actually in service.)

B. The cost of additions to and betterments of property leased from others, which are includible in this account, shall be recorded in subdivisions separate and distinct from those relating to owned property. (See gas plant instruction 6.)

### 101.1 Property under capital leases.

A. This account shall include the amount recorded under capital leases for plant leased from others and used by the utility in its utility operations.

B. The gas property included in this account shall be classified separately according to the detailed accounts (301 to 399) prescribed for gas plant in service.

C. Records shall be maintained with respect to each capital lease reflecting: (1) Name of lessor, (2) basic details of lease, (3) terminal date, (4) original cost fair market value of property leased, (5) future minimum lease payments, (6) executory costs, (7) present value of minimum lease payments, (8) the amounts representing interest and the interest rate used, and (9) expenses paid.

### 102 Gas plant purchased or sold.

A. This account shall be charged with the cost of gas plant acquired as an operating unit or system by purchase, merger, consolidation, liquidation, or otherwise, and shall be credited with the selling price of like property transferred to others pending the distribution to appropriate accounts in accordance with gas plant instruction 5.

B. Within six months from the date of acquisition or sale of property recorded herein, the utility shall file with the Commission the proposed journal entries to clear from this account the amounts recorded herein.

### 103 Experimental gas plant unclassified (Major only).

A. This account shall include the cost of gas plant which was constructed as a research, development, and demonstration project under the provisions of paragraph C, Account 107, Construction Work in Progress—Gas, and due to the nature of the plant it is desirous to operate it for a period of time in an experimental status.

B. Amounts in this account shall be transferred to Account 101, Gas Plant in Service, or Account 121, Nonutility Property, as appropriate, when the project is no longer considered as experimental. Prior to transfer to account 101 the subject plant must be certified by the Commission for use as gas plant in service.

C. The depreciation on property in this account shall be charged to Account 403, Depreciation Expense, and credited to Account 108, Accumulated Provision for Depreciation of Gas Utility Plant. The amounts herein shall be depreciated over a period which would correspond to the estimated useful life of the relevant project considering the experimental characteristics involved. However, when projects are transferred to Account 101, Gas Plant in Service, a new depreciation rate based on the remaining service life and undepreciated amounts, will be established.

D. Records shall be maintained with respect to each unit of experiment so that full details may be obtained as to the cost, depreciation, and the experimental status.

E. Should it be determined that experimental plants recorded in this account will fail to satisfactorily perform its function, the costs thereof shall be accounted for as directed or authorized by the Commission.

### 103.1 Gas plant in process of reclassification (Nonmajor only).

A. This account shall include temporarily the balance of gas plant as of the effective date of the prior system of accounts, which has not yet been reclassified as of the effective date of this system of accounts. The detail or primary accounts in support of this account employed prior to such date shall be continued pending reclassification into the gas plant accounts herein prescribed (301-399), but shall not be used for additions, betterments, or new construction.

B. No charges other than as provided in paragraph A, above, shall be made to this account, but retirements of such unclassified gas plant shall be credited hereto and to the supporting (old) fixed capital accounts until the reclassification shall have been accomplished.

### 104 Gas plant leased to others.

A. This account shall include the original cost of gas plant owned by the utility but leased to others as operating units or systems, where the lessee has exclusive possession.

B. The property included in this account shall be classified according to the detailed accounts (301 to 399) prescribed for gas plant in service and this account shall be maintained in such detail as though the property were used by the owner in its utility operations.

### 105 Gas plant held for future use.

A. This account shall include the original cost of gas plant (except land and land rights) owned and held for future use in gas service under a definite plan for such use, to include: (1) Property acquired (except land and land rights) but never used by the utility in gas service, but held for such service in the future under a definite plan, and (2) property (except land and land rights) previously used by the utility in gas service, but retired from such service and held pending its reuse in the future, under a definite plan, in gas service. This includes production properties relating to leases acquired on or before October 7, 1969.

B. This account shall also include the original cost of land and land rights owned and held for future use in gas service relating to leases acquired on or before October 7, 1969, under a plan for such use, to include land and land rights: (1) Acquired but never used by the utility in gas service, but held for such service in the future under a plan, and (2) previously held by the utility in gas service, but retired from such service and held pending its reuse in the future under a plan, in gas service. (See Gas Plant Instruction 7.)

C. In the event that property recorded in this account shall no longer be needed or appropriate for future utility operations, the company shall request Commission approval of journal entries to remove such property from this account when the gain realized from the sale or other disposition of the property is $100,000 or more, prior to their being recorded. Such filings shall include the description and original cost of individual properties removed from this account, the accounts charged upon removal, and any associated gains realized upon disposition of such property.

D. Gains or losses from the sale of land and land rights or other disposition of such property previously recorded in this account and not placed in utility service shall be recorded directly in accounts 411.6 or 411.7, as appropriate, except when determined to be significant by the Commission. Upon such a determination, the amounts shall be transferred to account 256, Deferred Gains from Disposition of Utility Plant, or account 187, Deferred Losses from Disposition of Utility Plant, and amortized to accounts 411.6, Gains from Disposition of Utility Plant, or 411.7, Losses from Disposition of Utility Plant, as appropriate.

E. The property included in this account shall be classified according to the detail accounts (301 to 399) pre scribed for gas plant in service and the account shall be maintained in such detail as though the property were in service.

NOTE A: Materials and supplies, meters and house regulators held in reserve, and normal spare capacity of plant in service shall not be included in this account.

NOTE B: Include in this account natural gas wells shut in after construction which have not been connected with the line; also, natural gas wells which have been connected with the line but which are shut in for any reason except seasonal excess capacity or governmental proration requirements or for repairs, provided that the related production leases were acquired on or before October 7, 1969.

NOTE C (NONMAJOR ONLY): The loss on abandonment of natural gas leases acquired after October 7, 1969, shall be charged to Account 338, Unsuccessful Exploration and Development Costs.

### 105.1 **Production properties held for future use (Major only).**

A. This account shall include the cost of production properties (except land and land rights) relating to leases acquired on or after October 8, 1969, held under a definite plan for future use to insure a future supply of natural gas for use in pipeline operations, to include: (1) Production property (except land and land rights) acquired but never used by the utility in gas service, but held for such service in the future under a definite plan, and (2) production property (except land and land rights) previously used by the utility in gas service, but retired from such service and held pending its reuse in the future, under a definite plan, in gas service.

B. This account shall also include the original cost of land and land rights held under a plan for future use to insure a future supply of natural gas for use in pipeline operations, relating to leases acquired on or after October 8, 1969, to include land and land rights: (1) Acquired but never used by the utility in gas service, but held for service in the future under a plan, and (2) previously used by the utility in gas service, but retired from such service and held pending its reuse in the future under a plan, in gas service. (See Gas Plant Instruction 7.)

C. In the event that property recorded in this account shall no longer be needed or appropriate for future utility operations, the company shall request Commission approval of journal entries to remove such property from this account when the gain realized from the sale or other disposition of the property is $100,000 or more, prior to their being recorded. Such filings shall include the description and original cost of individual properties removed from this account, the accounts charged upon removal, and any associated gains realized upon disposition of such property.

D. Gains or losses from the sale of land and land rights or other disposition of such property previously recorded in this account and not placed in utility service shall be recorded directly in accounts 411.6 or 411.7, as appropriate, except when determined to be significant by the Commission. Upon such determination, the amounts shall be transferred to account 256, Deferred Gains from Sale of Utility Plant, or account 187, Deferred Losses from Sale of Utility Plant, and amortized to accounts 411.6, Gains from Disposition of Utility Plant or 411.7, Losses from Disposition of Utility Plant, as appropriate.

E. The property included in this account shall be classified according to the detailed accounts prescribed for natural gas production and gathering plant in service and such classification shall be maintained in the same detail as though the property were in service.

NOTE: Unsuccessful exploration and development costs incurred on leases acquired after October 7, 1969, shall be charged to account 338, Unsuccessful Exploration and Development Costs.

### 106 **Completed construction not classified—Gas (Major only).**

At the end of the year or such other date as a balance sheet may be required by the Commission, this account shall include the total of the balances of work orders for gas plant which have been completed and placed in service but which work orders have not been classified for transfer to the detailed gas plant accounts.

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NOTE: For the purpose of reporting to the Commission the classification of gas plant in service by accounts is required, the utility shall also report the balance in this account tentatively classified as accurately as practicable according to prescribed account classifications. The purpose of this provision is to avoid any significant omissions in reported amounts of gas plant in service.

### 107 Construction work in progress—Gas.

A. This account shall include the total of the balances of work orders for gas plant in process of construction.

B. Work orders shall be cleared from this account as soon as practicable after completion of the job. Further, if a project, such as a gas production plant, a compressor station, or a transmission line, is designed to consist of two or more units which may be placed in service at different dates, any expenditures which are common to and which will be used in the operation of the project as a whole shall be included in gas plant in service upon the completion and the readiness for service of the first unit. Any expenditures which are identified exclusively with units of property not yet in service shall be included in this account.

C. Expenditures on research, development, and demonstration projects for construction of utility facilities are to be included in a separate subdivision in this account. Records must be maintained to show separately each project along with complete detail of the nature and purpose of the research, development, and demonstration project together with the related costs.

NOTE A: This account shall include certificate application fees paid to the Federal Energy Regulatory Commission as provided for in gas plant instruction 15.

NOTE B: Unsuccessful exploration and development costs incurred on leases acquired after October 7, 1969, shall be transferred to account 338, Unsuccessful Exploration and Development Costs.

### 108 Accumulated provision for depreciation of gas utility plant (Major only).

A. This account shall be credited with the following:

(1) Amounts charged to account 403, Depreciation Expense, or to clearing accounts for current depreciation expense for gas plant in service.

(2) Amounts charged to account 421, Miscellaneous Nonoperating Income, for depreciation expense on property included in account 105, Gas Plant Held for Future Use, or 105.1, Production Properties Held for Future Use. Include also, the balance of accumulated provision for depreciation on property when transferred to account 105 or 105.1, from other property accounts. Normally, account 108 will not be used for current depreciation provisions because, as provided herein, the service life during which depreciation is computed commences with the date property is includible in gas plant in service; however, if special circumstances indicate the propriety of current accruals for depreciation, such charges shall be made to account 421, Miscellaneous Nonoperating Income.

(3) Amounts charged to account 413, Expenses of Gas Plant Leased to Others, for gas plant included in account 104, Gas Plant Leased to Others.

(4) Amounts charged to account 416, Costs and Expenses of Merchandising, Jobbing and Contract Work, or to clearing accounts for current depreciation expense.

(5) Amounts of depreciation applicable to gas properties acquired as operating units or systems. (See gas plant instruction 5.)

(6) Amounts charged to account 182.1, Extraordinary Property Losses, when authorized by the Commission.

(7) Amounts of depreciation applicable to gas plant donated to the utility.

(The utility shall maintain separate subaccounts for depreciation applicable to gas plant in service, gas plant leased to others and gas plant held for future use.)

B. At the time of retirement of depreciable gas utility plant, this account shall be charged with the book cost of the property retired and the cost of removal and shall be credited with the salvage value and any other amounts recovered, such as insurance. When retirements, cost of removal and salvage are entered originally in retirement work orders, the net total of such work orders may be included in a separate subaccount hereunder. Upon completion of the work order, the proper distribution to subdivision of this account shall be made as provided in the following paragraph.

C. For general ledger and balance sheet purposes, this account shall be regarded and treated as a single composite provision for depreciation. For purposes of analysis, however, each utility shall maintain subsidiary records in which this account is segregating according to the following functional classification for gas plant:

(1) Production—manufactured gas, (2) production and gathering—natural gas, (3) products extraction—natural gas, (4) underground gas storage, (5) other storage, (6) base load LNG terminaling and processing plant, (7) transmission, (8) distribution, and (9) general. These subsidiary records shall reflect the current credits and debits to this account in sufficient detail to show separately for each such functional classification (a) the amount of provision for depreciation, (b) the book cost of property retired, (c) cost of removal, (d) salvage, and (e) other items, including recoveries from insurance.

D. When transfers of plant are made from one gas plant account to another, or from or to another utility department, or from or to nonutility property accounts, the accounting for the related accumulated provision for depreciation shall be as provided in gas plant instruction 12.

E. The utility is restricted in its use of the provision for depreciation to the purposes set forth above. It shall not transfer any portion of this account to retained earnings or make any other use thereof without authorization by the Commission.

**109 [Reserved]**

**110 Accumulated provision for depreciation, depletion and amortization of gas utility plant (Nonmajor only).**

A. This account shall be credited with the following:

(1) Amounts charged to account 403, Depreciation and Depletion Expense, to account 404, Amortization of Limited-Term Gas Plant, to account 405, Amortization of Other Gas Plant, to account 413, Expenses of Gas Plant Leased to Others, to account 416, Costs and Expenses of Merchandising, Jobbing and Contract Work, or to clearing accounts for currently accruing depreciation, depletion, and amortization.

(2) Amounts of depreciation, depletion or amortization applicable to gas properties acquired as operating units or systems. (See gas plant instruction 4.)

(3) Amounts chargeable to account 182.1, Extraordinary Property Losses, when authorized by the Commission.

(4) Amounts of depreciation applicable to gas plant donated to the utility.

B. At the time of retirement of gas plant, this account shall be charged with the book cost of the property retired and the cost of removal, and shall be credited with the salvage value and any other amounts recovered, such as insurance. When retirements, cost of removal and salvage are entered originally in retirement work orders, the net total of such work orders may be included in a separate subaccount hereunder. Upon completion of the work order, the property distribution to subdivisions of this account shall be made as provided in the following paragraph.

C. For general ledger and balance sheet purposes, this account shall be regarded and treated as a single composite provision for depreciation. The account shall be subdivided to show the amount, applicable to Gas Plant in Service, Gas Plant Leased to Others, and Gas Plant Held for Future Use. These subsidiary records shall show the current credits and debits to this account in sufficient detail to show separately for each subdivision, (1) the amount of accrual for depreciation or amortization, (2) the book cost of property retired, (3) cost of removal, (4) salvage and (5) other items, including recoveries from insurance. The utility also shall maintain subsidiary records in accordance with these provisions for accumulated depletion and amortization provisions for natural gas land and land rights in service.

D. When transfers of plant made from one gas plant account to another, or from or to nonutility property, the accounting shall be as provided in gas plant instruction 10.

E. The utility is restricted in its use of the accumulated provision for depreciation, depletion and amortization to the purposes set forth above. It shall not transfer any portion of this account to retained earnings or make any other use thereof without authorization by the Commission.

### 111 Accumulated provision for amortization and depletion of gas utility plant (Major only).

A. This account shall be credited with the following:

(1) Amounts charged to account 404.1, Amortization and Depletion of Producing Natural Gas Land and Land Rights, for current amortization and depletion of such land and land rights.

(2) Amounts charged to account 404.2, Amortization of Underground Storage Land and Land Rights, for current amortization.

(3) Amounts charged to account 404.3, Amortization of Other Limited-Term Gas Plant, for the current amortization of limited-term gas plant.

(4) Amounts charged to account 421, Miscellaneous Nonoperating Income, for amortization expense on property included in account 105, Gas Plant Held for Future Use, or 105.1, Production Properties Held for Future Use. Include also, the balance of accumulated provision for amortization on property when transferred to account 105 or 105.1 from other property accounts.

NOTE: See also paragraph A(2), of account 108, Accumulated Provision for Depreciation of Gas Utility Plant.

(5) Amounts charged to account 405, Amortization of Other Gas Plant.

(6) Amounts charged to account 413, Expenses of Gas Plant Leased to Others, for current amortization thereof.

(7) Amounts charged to account 797, Abandoned Leases, to provide for the abandonment of nonproductive natural gas leases.

(8) Amounts charged to account 425, Miscellaneous Amortization, for the amortization of intangible or other gas plant which does not have a definite or terminable life and is not subject to charges for depreciation expense, with Commission approval.

(The utility shall maintain subaccounts of this account for the amortization applicable to producing natural gas land and land rights, other gas plant in service, gas plant leased to others, abandonment of leases and gas plant held for future use.)

B. When any property to which this account applies is sold, relinquished, or otherwise retired from service, this account shall be charged with the amount previously credited in respect to such property. The book cost of the property so retired less the amount chargeable to this account and less the net proceeds realized at retirement shall be included in account 421.1, Gain on Disposition of Property, or account 421.2, Loss on Disposition of Property, as appropriate.

C. For general ledger and balance sheet purposes, this account shall be regarded and treated as a single composite provision for amortization.

For purposes of analysis, however, each utility shall maintain subsidiary records in which this account is segregating according to the following functional classification for gas plant:

(1) Production—manufactured gas, (2) production and gathering—natural gas, (3) products extraction—natural gas, (4) underground gas storage, (5) other storage, (6) base load LNG terminaling and processing plant, (7) transmission, (8) distribution, and (9) general. These subsidiary records shall reflect the current credits and debits to this account in sufficient detail to show separately for each such functional classification (a) the amount of provision for amortization, (b) the book cost of property retired, (c) cost of removal, (d) salvage, and (e) other items, including recoveries from insurance. Records shall be maintained so as to show separately the balance applicable to each item of land and land rights which is being amortized or depleted except that natural gas land and land rights which comprise an interest in a production area may be grouped to form a unit for amortization and depletion and the accumulated provision applicable thereto need not be segregated to show the amount

related to each gas right included therein. Records shall also be maintained so as to show separately the balance applicable to each underground gas storage project.

D. The utility is restricted in its use of the accumulated provision for amortization to the purposes set forth above. It shall not transfer any portion of this account to retained earnings or make any other use thereof without authorization by the Commission.

### 112—113 [Reserved]

### 114 Gas plant acquisition adjustments.

A. This account shall include the difference between (a) the cost to the accounting utility of gas plant acquired as an operating unit or system by purchase, merger, consolidation, liquidation, or otherwise, and (b) the original cost, estimated, if not known, of such property, less the amount or amounts credited by the accounting utility at the time of acquisition to accumulated provisions for depreciation, depletion, and amortization and contributions in aid of construction with respect to such property.

B. With respect to acquisitions after the effective date of this system of accounts, this account shall be subdivided so as to show the amounts included herein for each property acquisition and to gas plant in service, gas plant held for future use and gas plant leased to others. (See gas plant instruction 5.)

C. Debit amounts recorded in this account related to plant and land acquisition may be amortized to account 425, Miscellaneous Amortization, over a period not longer than the estimated remaining life of the properties to which such amounts relate. Amounts related to the acquisition of land only may be amortized to account 425 over a period of not more than 15 years. Should a utility wish to account for debit amounts in this account in any other manner, it shall petition the Commission for authority to do so. Credit amounts recorded in this account shall be accounted for as directed by the Commission.

### 115 Accumulated provision for amortization of gas plant acquisition adjustments (Major only).

This account shall be credited or debited with amounts which are includible in account 406, Amortization of Gas Plant Acquisition Adjustments or account 425, Miscellaneous Amortization, for the purpose of providing for the extinguishment of amounts in account 114, Gas Plant Acquisition Adjustments, in instances where the amortization of account 114 is not being made by direct write-off of the account.

### 116 Other gas plant adjustments.

A. This account shall include the difference between the original cost, estimated if not known, and the book cost of gas plant to the extent that such difference is not properly includible in account 114 Gas Plant Acquisition Adjustments. (For Major companies, see gas plant instruction 1C.)

B. Amounts included in this account shall be classified in such manner as to show the origin of each amount and shall be disposed of as the Commission may approve or direct.

NOTE: The provisions of this account shall not be construed as approving or authorizing the recording of appreciation of gas plant.

### 117 Gas stored underground—Noncurrent (Major only).

A. This account shall include the cost of recoverable gas purchased or produced by the utility which is stored in depleted or partially depleted gas or oil fields, or other underground reservoirs, and held for use in meeting service requirements of the utility's customers.

B. Gas stored during the year shall be priced at cost according to generally accepted methods of cost determination consistently applied from year to year. Transmission expenses for facilities of the utility used in moving the gas to the storage area and expenses of storage facilities shall not be included in the inventory of gas except as may be authorized or directed by the Commission.

NOTE B-1: In general, gas stored from the supply in an integrated system shall be priced at the average cost of the gas constituting the common supply of the system, although this general rule may be departed from where conditions of system operation of gas supply and utilization permit a valid presumption that the gas stored may be considered to be from specified sources, as indicated below.

NOTE B-2: When in harmony with the over-all system operation of gas supply and utilization, and the presumption is consistently observed from year to year, gas stored during the year may be presumed to be from total gas purchases, or from purchases from specified sources. When either of these presumptions is proper, the cost of gas stored shall be priced at the weighted average cost of all gas purchased, or at the weighted average cost of purchases from the specified sources, as appropriate. The weighted average cost may be the average for the preceding twelve months, except where a significant change occurs in the cost of gas, the full effect of such change shall be reflected for the period after the change is effective.

NOTE B-3: When in harmony with the over-all system operation of gas supply and utilization, and the presumptions are consistently observed from year to year, gas stored during the year may be presumed to be from identified sources of the utility's own production. Such stored gas shall be priced at the weighted average cost of gas produced from the specified production areas. Where this presumption is made, or where the stored gas is identified as a matter of fact under circumstances which do not permit a proper application of the theory of displacement, the utility shall maintain separate records of the cost of gas produced from such areas and the derivation of the cost used for stored gas from such sources.

NOTE B-4: Where gas is purchased specifically for storage, or a price concession received because of the storing of purchased gas, such gas shall be priced at the net contract price of the gas so purchased and stored.

NOTE B-5: The provisions of this instruction and the related footnotes shall not be construed as permitting or authorizing a restatement of the amounts at which stored gas inventories are stated on the utility's books at the effective date of this instruction, except as may be authorized by the Commission.

C. Withdrawals of gas may be priced according to the first-in-first-out, last-in-first-out, or weighted average cost method, in connection with which a "base stock" may be employed provided the method adopted by the utility is used consistently from year to year and the inventory records are maintained in accordance therewith. Approval of the Commission must be obtained for any other pricing method, or change in the pricing method adopted by the utility.

D. If the gas of any storage project is withdrawn below the amount established as "base stock" or encroaches upon native gas of a storage reservoir, and such gas is to be replaced within 12 months, it shall be permissible to price such gas at the estimated cost of replacement with purchased gas and to record a deferred credit therefor. For the purpose of this instruction, account 808, Gas Withdrawn from Storage—Debit, shall be charged with the estimated cost of such replacement gas and account 253, Other Deferred Credits, credited. When replacement of the gas is made the amount in account 253 shall be cleared and this account credited. This accounting will not affect normal accounting for inputs and withdrawals from storage.

E. Separate records shall be maintained for each storage project of the Mcf of gas delivered to storage, withdrawn from storage, and remaining in storage. The projects shall be grouped, however, for the purpose of maintaining inventory cost records of the cost of gas in storage. Exceptions to this general rule are permitted in any of the following circumstances:

(a) Projects at the supply end of long transmission lines,

(b) Projects located on separate noninterconnected pipeline systems, and

(c) Projects which by contractual arrangements approved by the Commission are devoted exclusively to the service of specified customers, and no portion of the gas withdrawals from any such project becomes part of the common system gas supply by displacement or otherwise.

Where the utility establishes specified volumes of gas as "base stock" separate inventory cost records by projects shall be maintained therefor.

F. Amounts debited to this account for gas placed in storage shall be credited to account 809, Gas Delivered to Storage—Credit. Amounts credited to this account for gas withdrawn from storage shall be debited to account

808, Gas Withdrawn from Storage—Debit.

G. Adjustments for Inventory losses due to cumulative inaccuracies of gas measurements, or from other causes, shall be charged to account 823, Gas Losses. In the operation of storage projects, the utility shall maintain such procedures of verification as will disclose and result in prompt accounting recognition of significant losses.

This account shall be credited with an amount equal to that debited to account 164.1, Gas Stored Underground—Current, to classify for balance sheet purposes such portion of the total inventory of gas stored underground as constitutes a current asset according to conventional rules for classification of current assets. (See account 164.1.)

### 118 Other utility plant.

This account shall include the balance in accounts for utility plant, other than gas plant, such as electric, railway, etc.

### 119 Accumulated provision for depreciation and amortization of other utility plant.

This account shall include the accumulated provision for depreciation and amortization applicable to utility property other than gas plant.

### 121 Nonutility property.

A. This account shall include the book cost of land, structures, equipment or other tangible or intangible property owned by the utility, but not used in utility service and not properly includible in account 105, Gas Plant Held for Future Use.

B. This account shall also include the amount recorded under capital leases for property leased from others and used by the utility in its nonutility operations. Records shall be maintained with respect to each lease reflecting: (1) name of lessor, (2) basic details of lease, (3) terminal date, (4) original cost or fair market value of property leased, (5) future minimum lease payments, (6) executory costs, (7) present value of minimum lease payments, (8) the amount representing interest and the interest rate used, and (9) expenses paid.

C. This account shall be subdivided so as to show the amount of property used in operations which are nonutility in character but nevertheless constitute a distinct operating activity of the company (such as operation of an ice department where such activity is not classed as a utility) and the amount of miscellaneous property not used in operations. The records in support of each subaccount shall be maintained so as to show an appropriate classification of the property.

NOTE: In the event of the subsequent sale or other disposition of property included in this account which had been previously recorded in account 105, Gas Plant Held for Future Use, or account 105.1, Production Properties Held for Future Use, such property costs shall be accounted for in accordance with paragraph C of accounts 105 and 105.1, respectively.

### 122 Accumulated provision for depreciation and amortization of nonutility property.

This account shall include the accumulated provision for depreciation and amortization applicable to nonutility property.

### 123 Investment in associated companies (Major only).

A. This account shall include the book cost of investments in securities issued or assumed by associated companies and investment advances to such companies, including interest accrued thereon when such interest is not subject to current settlement, provided that the investment does not relate to a subsidiary company. (If the investment relates to a subsidiary company it shall be included in account entry to the recording of amortization of discount or premium on interest bearing investments. Include herein the offsetting 123.1, Investment in Subsidiary Companies.) (See account 419, Interest and Dividend Income.)

B. This account shall be maintained in such manner as to show the investment in securities of, and advances to, each associated company together with full particulars regarding any of such investments that are pledged.

NOTE A: Securities and advances of associated companies owned and pledged shall be included in this account, but such securities, if held in special deposits or in special funds, shall be included in the appropriate deposit or fund account. A complete record of securities pledged shall be maintained.

NOTE B: Securities of associated companies held as temporary cash investments are includible in account 136, Temporary Cash Investments.

NOTE C: Balances in open accounts with associated companies, which are subject to current settlement, are includible in account 146, Accounts Receivable from Associated Companies.

NOTE D: The utility may write down the cost of any security in recognition of a decline in the value thereof. Securities shall be written off or written down to a nominal value if there be no reasonable prospect of substantial value. Fluctuations in market value shall not be recorded but a permanent impairment in the value of securities shall be recognized in the accounts. When securities are written off or written down, the amount of the adjustment shall be charged to account 426.5, Other Deductions, or to an appropriate account for accumulated provisions for loss in value established as a separate subdivision of this account.

### 123.1 Investment in subsidiary companies (Major only).

A. This account shall include the cost of investments in securities issued or assumed by subsidiary companies and investment advances to such companies, including interest accrued thereon when such interest is not subject to current settlement plus the equity in undistributed earnings or losses of such subsidiary companies since acquisition. This account shall be credited with any dividends declared by such subsidiaries.

B. This account shall be maintained in such a manner as to show separately for each subsidiary: The cost of such investments in the securities of the subsidiary at the time of acquisition; the amount of equity in the subsidiary's undistributed net earnings or net losses since acquisition; advances or loans to such subsidiary; and full particulars regarding any such investments that are pledged.

### 124 Other investments.

A. This account shall include the book cost of investments in securities issued or assumed by nonassociated companies, investment advances to such companies, and any investments not accounted for elsewhere. Include also the offsetting entry to the recording of amortization of discount or premium on interest bearing investments. (See account 419, Interest and Dividend Income.)

B. The cost of capital stock of the utility reacquired by it under a definite plan for resale pursuant to authorization by the Board of Directors may, if permitted by statutes, be included in a separate subdivision of this account. (See also account 210, Gain on Resale or Cancellation of Reacquired Capital Stock, and account 217, Reacquired Capital Stock.)

C. The records shall be maintained in such manner as to show the amount of each investment and the investment advances to each person.

NOTE A: Securities owned and pledged shall be included in this account, but securities held in special deposits or in special funds shall be included in appropriate deposit or fund accounts. A complete record of securities pledged shall be maintained.

NOTE B: Securities held as temporary cash investments shall not be included in this account.

NOTE C: See Note D of account 123.

### 125 Sinking funds (Major only).

This account shall include the amount of cash and book cost of investments held in sinking funds. A separate account, with appropriate title, shall be kept for each sinking fund. Transfers from this account to special deposit accounts, may be made as necessary for the purpose of paying matured sinking-fund obligations, or obligations called for redemption but not presented, or the interest thereon.

### 126 Depreciation fund (Major only).

This account shall include the amount of cash and the book cost of investments which have been segregated in a special fund for the purpose of identifying such assets with the accumulated provisions for depreciation.

### 128 Other special funds (Major only).

This account shall include the amount of cash and book cost of investments which have been segregated in special funds for insurance, employee pensions, savings, relief, hospital, and other purposes not provided for elsewhere. A separate account, with appropriate title shall be kept for each fund.

NOTE: Amounts deposited with a trustee under the terms of an irrevocable trust agreement for pensions or other employee benefits shall not be included in this account.

### SPECIAL INSTRUCTIONS FOR CURRENT AND ACCRUED ASSETS

Current and accrued assets are cash, those assets which are readily convertible into cash or are held for current use in operations or construction, current claims against others, payment of which is reasonably assured, and amounts accruing to the utility which are subject to current settlement, except such items for which accounts other than those designated as current and accrued assets are provided. There shall not be included in the group of accounts designated as current and accrued assets any item, the amount or collectibility of which is not reasonably assured, unless an adequate provision for possible loss has been made therefor. Items of current character but of doubtful value may be written down and for record purposes carried in these accounts at nominal value.

### 129 Special funds (Nonmajor only).

This account shall include the amount of cash and book cost of investments which have been segregated in special funds for bond retirements, property additions and replacements, insurance, employees' pensions, savings, relief, hospital, and other purposes not provided for elsewhere. A separate account, with appropriate title, shall be kept for each fund.

NOTE: Amounts deposited with a trustee under the terms of an irrevocable trust agreement for pensions or other employees' benefits shall not be included in this account.

### SPECIAL INSTRUCTIONS FOR CURRENT AND ACCRUED ASSETS

Current and accrued assets are cash, those assets which are readily convertible into cash or are held for current use in operations or construction, current claims against others, payment of which is reasonably assured, and amounts accruing to the utility which are subject to current settlement, except such items for which accounts other than those designated as current and accrued assets are made therefor. There shall not be included in the group of accounts designated as current and accrued assets any item, the amount or collectibility of which is not reasonably assured, unless an adequate provision for possible loss has been provided. Items of current character but of doubtful value may be written down and for record purposes carried in these accounts at nominal value.

### 130 Cash and working funds (Nonmajor only).

This account shall include the amount of cash on hand and in banks and cash advanced to officers, agents, employees, and others as petty cash or working funds. Special cash deposits for payment of interest, dividends or other special purposes shall be included in this account in separate subdivisions which shall specify the purpose for which each such special deposit is made.

NOTE: Special deposits for more than one year, which are not offset by current liabilities, shall not be charged to this account but to account 125, Special Funds.

### 131 Cash (Major only).

This account shall include the amount of current cash funds except working funds.

### 132 Interest special deposits (Major only).

This account shall include special deposits with fiscal agents or others for the payment of interest.

### 133 Dividend special deposits (Major only).

This account shall include special deposits with fiscal agents or others for the payment of dividends.

### 134 Other special deposits (Major only).

This account shall include deposits with fiscal agents or others for special purposes other than the payment of interest and dividends. Such special deposits may include cash deposited with federal, state, or municipal authorities as a guaranty for the fulfillment of obligations; cash deposited with trustees to be held until mortgaged property sold, destroyed, or otherwise disposed of is replaced; cash realized from the sale of the accounting utility's securities and deposited with trustees to be held until invested in property of the utility, etc. Entries to this account shall specify the purpose for which the deposit is made.

NOTE: Assets available for general corporate purposes shall not be included in this account. Further, deposits for more than one year, which are not offset by current liabilities, shall not be charged to this account but to account 128, Other Special Funds.

### 135 Working funds (Major only).

This account shall include cash advanced to officers, agents, employees, and others as petty cash or working funds.

### 136 Temporary cash investments.

A. This account shall include the book cost of investments, such as demand and time loans, bankers' acceptances, United States Treasury certificates, marketable securities, and other similar investments, acquired for the purpose of temporarily investing cash.

B. This account shall be so maintained as to show separately temporary cash investments in securities of associated companies and of others. Records shall be kept of any pledged investments.

### 141 Notes receivable.

This account shall include the book cost, not includible elsewhere, of all collectible obligations in the form of notes receivable and similar evidences (except interest coupons) of money due on demand or within one year from the date of issue, except, however, notes receivable from associated companies. (See account 136, Temporary Cash Investments, and account 145, Notes Receivable from Associated Companies.)

NOTE: The face amount of notes receivable discounted, sold, or transferred without releasing the utility from liability as endorser thereon, shall be credited to a separate subdivision of this account and appropriate disclosure shall be made in financial statements of any contingent liability arising from such transactions.

### 142 Customer accounts receivable.

A. This account shall include amounts due from customers for utility service, and for merchandising, jobbing, and contract work. This account shall not include amounts due from associated companies.

B. This account shall be maintained so as to permit ready segregation of the amounts due for merchandising, jobbing, and contract work.

### 143 Other accounts receivable.

A. This account shall include amounts due the utility upon open accounts, other than amounts due from associated companies and from customers for utility services and merchandising, jobbing, and contract work.

B. This account shall be maintained so as to show separately amounts due on subscriptions to capital stock and from officers and employees, but the account shall not include amounts advanced to officers or others as working funds. (See account 135, Working Funds.)

### 144 Accumulated provision for uncollectible accounts—Cr.

A. This account shall be credited with amounts provided for losses on accounts receivable which may become uncollectible, and also with collections on accounts previously charged hereto. Concurrent charges shall be made to account 904, Uncollectible Accounts, for amounts applicable to utility operations, and to corresponding accounts for other operations. Records shall be maintained so as to show the write-offs of accounts receivable for each utility department.

B. This account shall be subdivided to show the provision applicable to the following classes of accounts receivable:

Utility Customers.
Merchandising, Jobbing and Contract Work.
Officers and Employees.
Others.

NOTE A: Accretions to this account shall not be made in excess of a reasonable provision against losses of the character provided for.

NOTE B: If provisions for uncollectible notes receivable or for uncollectible receivables from associated companies are necessary, separate subaccounts therefor shall be established under the account in which the receivable is carried.

### 145 Notes receivable from associated companies.

### 146 Accounts receivable from associated companies.

These accounts shall include notes and drafts upon which associated companies are liable, and which mature and are expected to be paid in full not later than one year from date of issue, together with any interest thereon, and debit balances subject to current settlement in open accounts with associated companies. Items which do not bear a specified due date but which have been carried for more than twelve months and items which are not paid within twelve months from due date shall be transferred to account 123, Investment in Associated Companies.

NOTE A: On the balance sheet, accounts receivable from an associated company may be set off against accounts payable to the same company.

NOTE B: The face amount of notes receivable discounted, sold or transferred without releasing the utility from liability as endorser thereon, shall be credited to a separate subdivision of this account and appropriate disclosure shall be made in financial statements of any contingent liability arising from such transactions.

### 151 Fuel stock (Major only).

This account shall include the book cost of fuel on hand.

ITEMS

1. Invoice price of fuel less any cash or other discounts.
2. Freight,' switching, demurrage and other transportation charges, not including, however, any charges for unloading from the shipping medium.
3. Excise taxes, purchasing agents' commissions, insurance and other expenses directly assignable to cost of fuel.

### 152 Fuel stock expenses undistributed (Major only).

A. This account may include the cost of labor and of supplies used and expenses incurred in unloading fuel from the shipping medium and in the handling thereof prior to its use, if such expenses are sufficiently significant in amount to warrant being treated as a part of the cost of fuel inventory rather than being charged direct to expense as incurred.

B. Amounts included herein shall be charged to expense as the fuel is used to the end that the balance herein, shall not exceed the expenses attributable to the inventory of fuel on hand.

ITEMS

*Labor:*

1. Procuring and handling of fuel.
2. All routine fuel analyses.
3. Unloading from shipping facility and putting in storage.
4. Moving of fuel in storage and transferring from one station to another.
5. Handling from storage or shipping facility to first bunker, hopper, bucket, tank or holder of boiler house structure.
6. Operation of mechanical equipment, such as locomotives, trucks, cars, boats, barges, cranes, etc.

*Supplies and Expenses:*

7. Tools, lubricants and other supplies.
8. Operating supplies for mechanical equipment.
9. Transportation and other expenses in moving fuel.
10. Stores expenses applicable to fuel.

### 153 Residuals and extracted products (Major only).

This account shall include the book cost of residuals or extracted products produced in the manufacture of gas or in natural gas products extraction operations including like products purchased for resale.

### 154 Plant materials and operating supplies.

A. This account shall include the cost of materials purchased primarily for use in the utility business for construction, operation and maintenance purposes. For Nonmajor utilities, this account shall include the cost of fuel on hand and unapplied materials and supplies (except meters and house regulators). For both Major and Nonmajor utilities, it shall include also the book cost of materials recovered in connection with construction, maintenance or the retirement of property, such materials being credited to construction, maintenance or accumulated depreciation provision, respectively, and included herein as follows:

(1) Reusable materials consisting of large individual items shall be includ-

ed in this account at original cost, estimated if not known. The cost of repairing such items shall be charged to the maintenance account appropriate for the previous use.

(2) Reusable materials consisting of relatively small items, the identity of which (from the date of original installation to the final abandonment or sale thereof) cannot be ascertained without undue refinement in accounting, shall be included in this account at current prices new for such items. The cost of repairing such items shall be charged to the appropriate expense account as indicated by previous use.

(3) Scrap and nonusable materials included in this account shall be carried at the estimated net amount realizable therefrom. The difference between the amounts realized for scrap and nonusable materials sold and the net amount at which the materials were carried in this account, as far as practicable, shall be adjusted to the accounts credited when the materials were charged to this account.

B. Materials and supplies issued shall be credited hereto and charged to the appropriate construction, operating expense, or other account on the basis of a unit price determined by the use of cumulative average, first-in-first out, or such other method of inventory accounting as conforms with accepted accounting standards consistently applied.

C. For Nonmajor utilities, inventories of materials, supplies, fuel, etc., shall be taken at least annually and the necessary adjustments shall be made to bring this account into agreement with the actual inventories. In effecting the adjustments, large differences which can be assigned to important classes of materials shall be equitably adjusted among the accounts to which such classes of materials have been charged since the previous inventory. Other differences shall be equitably apportioned among the accounts to which materials have been charged.

ITEMS

1. Invoice price of materials less cash or other discounts.
2. Freight, switching or other transportation charges when practicable to include as part of the cost of particular materials to which they relate.
3. Customs duties and excise taxes.
4. Costs of inspection and special tests prior to acceptance.
5. Insurance and other directly assignable charges.

NOTE A: Where expenses applicable to materials purchased cannot be directly assigned to particular purchases, they may be charged to a stores expense clearing account (account 163, Stores Expenses Undistributed, in the case of Major Utilities), and distributed therefrom to the appropriate accounts.

NOTE B: When materials and supplies are purchased for immediate use, they need not be carried through this account but may be charged directly to the appropriate gas plant or expense account.

### 155 Merchandise (Major only).

This account shall include the book cost of materials and supplies, and appliances and equipment held primarily for merchandising, jobbing, and contract work. The principles prescribed in accounting for utility materials and supplies shall be observed in respect to items carried in this account.

### 156 Other materials and supplies (Major only).

This account shall include the book cost of materials and supplies held primarily for nonutility purposes. The principles prescribed in accounting for utility materials and supplies shall be observed in respect to items carried in this account.

### 163 Stores expense undistributed (Major only).

A. This account shall include the cost of supervision, labor and expenses incurred in the operation of general storerooms, including purchasing, storage, handling and distribution of materials and supplies.

B. This account shall be cleared by adding to the cost of materials and supplies issued a suitable loading charge which will distribute the expense equitably over stores issues. The balance in the account at the close of the year shall not exceed the amount of stores expenses reasonably attributable to the inventory of materials and supplies exclusive of fuel, as any amount applicable to fuel cost should be included in account 152, Fuel Stock Expenses Undistributed.

ITEMS

*Labor:*

1. Inspecting and testing materials and supplies when not assignable to specific items.
2. Unloading from shipping facility and putting in storage.
3. Supervision of purchasing and stores department to extent assignable to materials handled through stores.
4. Getting materials from stock and in readiness to go out.
5. Inventorying stock received or stock on hand by stores employees but not including inventories by general department employees as part of internal or general audits.
6. Purchasing department activities in checking material needs, investigating sources of supply, analyzing prices, preparing and placing orders, and related activities to extent applicable to materials handled through stores. (Optional. Purchasing department expenses may be included in administrative and general expenses.)
7. Maintaining stores equipment.
8. Cleaning and tidying storerooms and stores offices.
9. Keeping stock records, including recording and posting of material receipts and issues and maintaining inventory record of stock.
10. Collecting and handling scrap materials in stores.

*Supplies and Expenses:*

11. Adjustments of inventories of materials and supplies but not including large differences which can readily be assigned to important classes of materials and equitably distributed among the accounts to which such classes of materials have been charged since the previous inventory.
12. Cash and other discounts not practically assignable to specific materials.
13. Freight, express, etc., when not assignable to specific items.
14. Heat, light and power for storerooms and store offices.
15. Brooms, brushes, sweeping compounds and other supplies used in cleaning and tidying storerooms and stores offices.
16. Injuries and damages.
17. Insurance on materials and supplies and on stores equipment.
18. Losses due to breakage, leakage, evaporation, fire or other causes, less credits for amounts received from insurance, transportation companies or others in compensation of such losses.
19. Postage, printing, stationery and office supplies.
20. Rent of storage space and facilities.
21. Communication service.
22. Excise and other similar taxes not assignable to specific materials.
23. Transportation expense on inward movement of stores and on transfer between storerooms but not including charges on materials recovered from retirements which shall be accounted for as part of cost of removal.

NOTE: A physical inventory of each class of materials and supplies shall be made at least every two years.

### 164.1 Gas stored underground—current.

This account shall be debited with such amounts as are credited to account 117, Gas Stored Underground—Noncurrent, to reflect classification for balance sheet purposes of such portion of the inventory of gas stored underground as represents a current asset according to conventional rules for classification of current assets.

NOTE: It shall not be considered conformity to conventional rules of current asset classification if the amount included in this account exceeds an amount equal to the cost of estimated withdrawals of gas from storage for purposes of sale within the 24-month period from date of the balance sheet, or if the amount represents a volume of gas which, in fact, could not be withdrawn from storage without impairing the pressure level of any project for normal operating purposes.

### 164.2 Liquefied natural gas stored.

A. This account shall include the cost of liquefied natural gas stored in above or below ground facilities.

B. Natural gas purchased in a liquefied form shall be priced at the cost of such gas to the utility. Natural gas liquefied by the utility shall be priced according to generally accepted methods of cost determination consistently applied from year to year. Transmission expenses for facilities to the utility used in moving the gas to the storage facilities shall not be included in the inventory of gas except as may be authorized by the Commission.

C. Amounts debited to this account for natural gas placed in stored shall be credited to account 808.2, Gas Delivered to Storage—Credit. Amounts credited to this account for gas withdrawn from storage shall be debited to account 808.1, Gas Withdrawn from Storage—Debit.

D. Withdrawals of gas may be priced according to the first-in-first-out, last-in-first-out, or weighted average cost method provided the method adopted by the utility is used consistently from year to year and inventory records are maintained in accordance therewith. Commission approval must be obtained for any other pricing method or for any change in the pricing method adopted by the utility. Separate records shall be maintained for each storage project of the Mcf of gas delivered to storage and remaining in storage.

E. Adjustments for inventory losses shall be charged to account 842.3, Gas Losses.

### 164.3 Liquefied natural gas held for processing (Major only).

A. This account shall include the cost of base load liquefied natural gas available for vaporization and injection into the utility's natural gas system.

B. Natural gas purchased in a liquefied form shall be priced at the cost of such gas to the utility.

C. Amounts debited to this account for liquefied natural gas purchased for processing shall be credited to account 809.2, Deliveries of Natural Gas for Processing--Credit. Amounts credited for liquefied natural gas processed shall be debited to account 809.1, Withdrawals of Liquefied Natural Gas Held for Processing—Debit.

D. Withdrawals of gas held for vaporization may be priced according to the first-in-first-out, last-in-first-out or weighted average cost method provided the method adopted by the utility is used consistently from year to year and inventory records are maintained in accordance therewith. Commission approval must be obtained for any other pricing method or for any change from the pricing method adopted by the utility. Separate records shall be maintained for Mcf (or Btu) of gas purchased for processing, processed, and remaining for processing.

E. Adjustments for inventory losses shall be charged to account 846.1, Gas Losses.

### 165 Prepayments.

A. This account shall include payments for undelivered gas and other prepayments of rents, taxes, insurance, interest, and like disbursements made prior to the period to which they apply. Prepayments for gas are those amounts paid to a seller of gas under "take or pay" provisions of a gas purchase contract for a sale certificated by the Commission where future makeup of the gas not taken in the current period is provided for by the contract.

B. As the periods covered by such prepayments expire, credit this account and charge the proper operating expense or other appropriate account with the amount applicable to the period.

C. This account shall be kept or supported in such a manner as to disclose the amount of each class of prepayments.

### 166 Advances for gas exploration, development and production (Major only).

A. This account shall include all advances made for gas (whether called "advances," "contributions" or otherwise) to independent producers, affiliated or associated companies, or others operating within the lower 48 states and Alaska; for exploration, development or production (but not to include lease acquisition) of natural gas. Under each agreement with payee, such payments must be made prior to initial gas deliveries, or if the agreement provides for advances on a well by well basis, each incremental payment must be made prior to deliveries from an incremental well, or prior to Federal and/or State authorization, as appropriate. All agreements executed after June 17, 1975, (issuance date of Order No. 529) shall specify that (1) the pipeline shall have first call on any gas produced, attributable to the advance payment, under a long-term contract which is for a minimum initial term computed as the lesser of fifteen years or the life of the reserve in the field, and (2) the selling price of the gas committed by producers whose sales are subject to price regulation shall be governed by and limited to the area rate or national rate or, under appropriate showing of special circumstance, such other rate as may be authorized by the Commission under the provisions of optional pricing and special relief. As a determination of the initial rate, the time of first delivery in interstate commerce to the purchaser shall govern. Noncurrent advances not to be repaid within a two-year period shall be reclassified and transferred to account 124, Other Investments, for balance sheet purposes. This transfer is for reporting purposes only and has no effect on accounting and ratemaking.

B. When a pipeline obtains a working interest as a result of funds advanced to producers, such amounts shall be included in appropriate production accounts for formal contractual agreements executed prior to the date of issuance of Order No. 499. When an associated company obtains a working interest as a result of funds advanced from a pipeline company, the pipeline shall include such amounts in Account 123, Investment in Associated Companies, or Account 146, Accounts receivable from Associated Companies, as appropriate, for formal contractual commitments made during the period on or after November 10, 1971 (effective date of Order 441) but prior to December 29, 1972, the date of issuance of Order No. 465.

C. Outstanding advances shall be fully reduced within 5 years, or as otherwise authorized by the Commission, from the date gas deliveries commence or the date it is determined that recovery will be in other than gas. This account shall be credited with advances not fully recovered within the five-year period, and the unrecovered portion charged directly to Account 426.5, Other Deductions. A sufficient portion of all gas taken should be credited to the related outstanding advance so as to eliminate the advance within the 5-year period or as otherwise authorized by the Commission upon request by the pipeline company. The reduction of the outstanding advance should not be dependent on a buyer purchasing more than 100 percent of the minimum take or pay quantity provided in the contract. In those instances where the five-year recovery period has lapsed, but recovery of the advance continues beyond the five-year period, the unrecovered advances shall be removed from this account and transferred to Account 167, Other Advances for Gas.

D. Where recovery is by gas, the recovered advance shall be credited to this account and charged to the appropriate gas purchase account.

E. When an advance which is or has been included in this account and in rate base results in a source of proven reserves of natural gas, gas deliveries commence but no gas flows to the pipeline company making such advance, the amount of the advance shall be removed from this account (and from rate base) and recorded in account 167, Other Advances for Gas. Any revenues collected as a result of the advance being included in rate base shall be refunded by the pipeline company to its customers, together with interest, per annum, at the rate established by Order No. 513, issued October 10, 1974, or as subsequently revised by Commission Order, from the date of payment until refunded, within 12 months after the removal of the advance from this account, unless otherwise directed by the Commission. Where there is partial recovery of the advance by gas, in this situation, the amount of the advance transferred from this account to account 167 and the amount of revenues refunded, with interest, shall be appropriately apportioned.

F. However, if 5 years elapses from the time the advance has been included in this account and during such time no gas deliveries have commenced or no determination has been made that the recovery will be in economic consideration other than gas, the pipeline shall at the end of the 5-year period, transfer the advance from this account to Account 167, and cease rate base treatment thereof, unless otherwise directed by the Commission.

G. Whenever as a result of an advance included in this account, a pipeline receives any amount in excess of a full recovery of the advance, e.g. interest income, such amount must be credited to Account 813, Other Gas Supply Expenses, or as otherwise directed by the Commission. If the income or return is received in other than money, it shall be included at the market value of the assets received.

H. If the recipient of an advance is unable to repay it in full, through no fault of the pipeline or contractual provisions, in gas or other assets, the unpaid or nonrecoverable portion must be credited to this account at the time such amount is recognized as nonrecoverable. Nonrecoverable advances significant in amount must be eliminated within 5 years from the date of determination as nonrecoverable by either a charge to account 435, Extraordinary Deductions, or when authorized by the Commission, by a transfer to account 186, Miscellaneous Deferred Debits, and amortization to account 813, Other Gas Supply Expenses. Nonrecoverable advances insignificant in amount should be charged directly to account 813 in the year recognized as nonrecoverable, when authorized by the Commission.

I. No transfers shall be made to or from this account to any other accounts, unless otherwise provided herein, except as specifically authorized by the Commission upon request by the pipeline company.

J. Three copies of any agreement concerning advances will be filed with the Secretary within 30 days of the initial related entry in account 166.

NOTE A: This account may include advances for exploration (including lease acquisition costs) made according to the provisions of Order Nos. 410 and 410-A, for which a contractual commitment was made prior to November 10, 1971, (issue date of Order No. 441). All advances made pursuant to contractual commitments made prior to November 10, 1971, (issue date of Order No. 441) shall be subject to the provisions of Order Nos. 410 and 410-A.

NOTE B: This account shall not include advances for exploration (including lease acquisition costs) in accordance with Order No. 441, for which a contractual commitment was made on or after November 10, 1971 (issue date of Order No. 441), but prior to December 29, 1972 (issue date of Order No. 465). All advances made pursuant to contractual commitments made on or after November 10, 1971, but prior to December 29, 1972 (issue date of Order No. 465) shall be subject to the provisions of Order No. 441.

NOTE C: This account shall not include advances for lease acquisition costs but may include advances for exploration where such advances are pursuant to contractual commitments made on or after December 29, 1972 (issue date of Order No. 465).

NOTE D: All advances made pursuant to contractual commitments made on or after December 29, 1972 (issue date of Order No. 465) but prior to the date of issuance of Order No. 499, shall be subject to the provisions of Order No. 465.

NOTE E: All advances made pursuant to contractual commitments made on or after December 28, 1973 (issue date of Order No. 499), but prior to the date of issuance of Order No. 529, shall be subject to the provisions of Order No. 499.

NOTE F: This account shall not include advances expended for delay rentals, nonproductive well drilling or abandoned leases where such advances are related to lease acquisition, except in accordance with Note A and Note B to this account.

NOTE G: To keep the Commission informed when an advance is nonrecoverable by any means the company must submit the full details including copies of Federal and State plugging and abandonment reports involved as soon as such fact becomes known.

### 167 Other advances for gas (Major only).

This account shall include all advances not properly includible in Account 166, exclusive of amounts advanced where a working interest is obtained.

### 171 Interest and dividends receivable (Major only).

This account shall include the amount of interest on bonds, mortgages, notes, commercial paper, loans, open accounts, deposits, etc., the payment of which is reasonably assured, and the amount of dividends declared or guaranteed on stocks owned.

NOTE A: Interest which is not subject to current settlement shall not be included herein but in the account in which is carried the principal on which the interest is accrued.

NOTE B: Interest and dividends receivable from associated companies shall be included in account 146, Accounts Receivable from Associated Companies.

### 172 Rents receivable (Major only).

This account shall include rents receivable or accrued on property rented or leased by the utility to others.

NOTE: Rents receivable from associated companies shall be included in account 146, Accounts Receivable From Associated Companies.

### 173 Accrued utility revenues (Major only).

At the option of the utility, the estimated amount accrued for service rendered, but not billed at the end of any accounting period, may be included herein. In case accruals are made for unbilled revenues, they shall be made likewise for unbilled expenses, such as for the purchase of gas.

### 174 Miscellaneous current and accrued assets.

This account shall include the book cost of all other current and accrued assets, appropriately designated and supported so as to show the nature of each asset included herein.

### 181 Unamortized debt expense.

This account shall include expenses related to the issuance or assumption of debt securities. Amounts recorded in this account shall be amortized over the life of each respective issue under a plan which will distribute the amount equitably over the life of the security. The amortization shall be on a monthly basis, and the amounts thereof shall be charged to account 428, Amortization of Debt Discount and Expense. Any unamortized amounts outstanding at the time that the related debt is prematurely reacquired shall be accounted for as indicated in General Instruction 17.

### 182.1 Extraordinary property losses.

A. When authorized or directed by the Commission, this account shall include extraordinary losses, which could not reasonably have been anticipated and which are not covered by insurance or other provisions, such as unforeseen damages to property.

B. Application to the Commission for permission to use this account shall be accompanied by a statement giving a complete explanation with respect to the items which it is proposed to include herein, the period over which, and the accounts to which it is proposed to write off the charges, and other pertinent information.

### 182.2 Unrecovered plant and regulatory study costs.

A. This account shall include: (1) Nonrecurring costs of studies and analyses mandated by regulatory bodies related to plants in service, transferred from account 183.2, Other Preliminary Survey and Investigation Charges, and not resulting in construction; and (2) when authorized by the Commission, significant unrecovered costs of plant facilities where construction has been cancelled or which have been prematurely retired.

B. This account shall be credited and account 407.1, Amortization of Property Losses, Unrecovered Plant and Regulatory Study Costs, shall be debited, over the period specified by the Commission.

C. Any additional costs incurred, relative to the cancellation or premature retirement, may be included in this account and amortized over the remaining period of the original amortization period. Should any gains of recoveries be realized relative to the cancelled or prematurely retired plant, such amounts shall be used to reduce the unamortized amount of the costs recorded herein.

D. In the event that the recovery of costs included herein is disallowed in rate proceedings, the disallowed costs shall be charged to account 426.5, Other Deductions, or account 435, Extraordinary deductions, in the year of such disallowance.

### 183.1 Preliminary natural gas survey and investigation charges (Major only).

A. This account shall be charged with all expenditures for preliminary surveys, plans, investigations, etc. made for the purpose of determining the feasibility of acquiring land and land rights to provide a future supply of natural gas. If such land or land rights are acquired, this account shall be credited and the appropriate gas plant account (see gas plant instruction 7-G) charged with the amount of the expenditures relating to such acquisition. If a project is abandoned involving a natural gas lease acquired before October 8, 1969, the expenditures related thereto shall be charged to account 798, Other Exploration. If a project is abandoned involving a lease acquired after October 7, 1969, the expenditures related thereto shall be charged to account 338, Unsuccessful Exploration and Development Costs.

B. The records supporting the entries to this account shall be so kept that the utility can furnish, for each investigation, complete information as to the identification and location of territory investigated, the number or other identification assigned to the land tract or leasehold acquired, and the nature and respective amounts of the charges.

NOTE: The amount of preliminary survey and investigation charges transferred to gas plant shall not exceed the expenditures which may reasonably be determined to contribute directly and immediately and without duplication to gas plant.

### 183.2 Other preliminary survey and investigation charges (Major only).

A. This account shall be charged with all expenditures for preliminary surveys, plans, investigations, etc., made for the purpose of determining the feasibility of utility projects under contemplation, other than the acquisition of land and land rights to provide a future supply of natural gas. If construction results, this account shall be credited and the appropriate utility plant account charged. If the work is abandoned, the charge shall be made to account 426.5, Other Deductions, or the appropriate operating expense account.

B. This account shall also include costs of studies and analyses mandated by regulatory bodies related to plant in service. If construction results from such studies, this account shall be credited and the appropriate utility plant account charged with an equitable portion of such study costs directly attributible to new construction. The portion of such study costs not attributible to new construction or the entire cost if construction does not result shall be charged to account 182.2, Unrecovered Plant and Regulatory Study Costs, or the appropriate operating expense account. The costs of such studies relative to plant under construction shall be included directly in account 107, Construction Work in Progress—Gas.

C. The records supporting the entries to this account shall be so kept that the utility can furnish complete information as to the nature and the purpose of the survey, plans, or investigations and the nature and amounts of the several charges.

NOTE: The amount of preliminary survey and investigation charges transferred to utility plant shall not exceed the expenditures which may reasonably be determined to contribute directly and immediately and without duplication to utility plant.

### 184 Clearing accounts (Major only).

This caption shall include undistributed balances in clearing accounts at the date of the balance sheet. Balances in clearing accounts shall be substantially cleared not later than the end of the calendar year unless items held therein relate to a future period.

### 185 Temporary facilities (Major only).

This account shall include amounts shown by work orders for plant installed for temporary use in utility service for periods of less than one year. Such work orders shall be charged with the cost of temporary facilities and credited with payments received from customers and net salvage realized on removal of the temporary facilities. Any net credit or debit resulting shall be cleared to account 488, Miscellaneous Service Revenues.

### 186 Miscellaneous deferred debits.

A. For Major companies, this account shall include all debits not elsewhere provided for, such as miscellaneous work in progress, construction certificate application fees paid prior to final disposition of the application as provided for in gas plant instruction 15A, and unusual or extraordinary expenses not included in other accounts which are in process of amortization, and items the final disposition of which is uncertain.

B. For Nonmajor companies, this account shall include the following classes of items:

(1) Expenditures for preliminary surveys, plans, investigations, etc., made for the purpose of determining the feasibility projects under contemplation. If construction results, this account shall be credited with the amount applicable thereto and the appropriate plant accounts shall be charged with an amount which does not exceed the expenditures which may reasonably be determined to contribute directly and immediately and without duplication to plant. If the work is abandoned, the charge shall be

to account 462.5, Other Deductions, or to the appropriate operating expense accounts.

(2) Expenditures for preliminary surveys, plans, investigations, etc., made for the purpose of determining the feasibility of acquiring land and land rights to provide a future supply of natural gas. If such land or land rights are acquired, this account shall be credited and the appropriate gas plant account (see gas plant instruction 6G) charged with the amount of expenditures related to such acquisition. Such preliminary survey and investigation charges transferred to gas plant shall not exceed the expenditures which may reasonably be determined to contribute directly and immediately and without duplication to the gas plant. If a project is abandoned involving a natural gas lease acquired before October 8, 1969, the expenditures related thereto shall be charged to account 798, Other Exploration. If a project is abandoned involving a lease acquired after October 7, 1969, the expenditures related thereto shall be charged to account 338, Unsuccessful Exploration and Development Costs.

(3) Undistributed balances in clearing account at the date of the balance sheet. Balances in clearing accounts shall be substantially cleared not later than the end of the calendar year unless items held therein relate to a future period.

(4) Balances representing expenditures for work in progress other than on utility plant. This includes jobbing and contract work in progress.

(5) Other debit balances, the proper final disposition of which is uncertain, and unusual or extraordinary expenses, not included in other accounts, which are in process of being written off.

(6) All fees related to certificate applications involving construction paid prior to the final disposition of the certificate application. If the certificate is granted and accepted, the amount recorded in this account shall be credited with the amount applicable thereto and charged to the appropriate plant accounts. If the certificate requested is not granted or is not accepted by the applicant, the fees recorded in this account shall be cleared to account 928, Regulatory Commission Expenses.

C. The records supporting the entries to this account shall be so kept that the utility can furnish full information as to each deferred debit included herein. (In the case of Nonmajor companies, the records supporting entries for preliminary natural gas surveys and investigations shall be so kept that the utility can furnish, for each investigation, complete information as to identification and location of the territory investigated, the number of other identification assigned to the land tract or leasehold acquired, and the nature and respective amounts of the charges.)

### 187 Deferred losses from disposition of utility plant.

This account shall include losses from the sale or other disposition of property previously recorded in account 105, Gas Plant Held for Future Use and account 105.1, Production Properties Held for Future Use, under the provisions of paragraphs B, C, and D thereof, where such losses are significant and are to be amortized over a period of 5 years, unless otherwise authorized by the Commission. The amortization of the amounts in this account shall be made by debits to account 411.7, Losses from Disposition of Utility Plant. Subdivision of this account shall be maintained so that amounts relating to account 105, Gas Plant Held for Future Use and account 105.1, Production Properties Held for Future Use, can be readily identifiable. (See accounts 105, Gas Plant Held for Future Use and 105.1, Production Properties Held for Future Use.)

### 188 Research, development, and demonstration expenditures (Major only).

A. This account shall be charged with the cost of all expenditures coming within the meaning of Research, Development, and Demonstration (R.D. & D.) of this Uniform Systems of Accounts (see definition 28.B), except those expenditures properly chargeable to Account 107, Construction Work in Progress—Gas.

B. Costs that are minor or of a general or recurring nature shall be transferred from this account to the appropriate operating expense function or if such costs are common to the overall operations or cannot be feasibly allocated to the various operating accounts, then such costs shall be recorded in account 930.2, Miscellaneous General Expenses.

C. In certain instances a company may incur large and significant research, development, and demonstration expenditures which are nonrecurring and which would distort the annual research, development, and demonstration charges for the period. In such a case the portion of such amounts that cause the distortion may be amortized to the appropriate operating expense account over a period not to exceed five years unless otherwise authorized by the Commission.

D. The entries in this account must be so maintained as to show separately each project along with complete detail of the nature and purpose of the research, development, and demonstration project together with the related costs.

### 189 Unamortized loss on reacquired debt.

This account shall include the losses on long-term debt reacquired or redeemed. The amounts in this account shall be amortized in accordance with General Instruction 17.

### 190 Accumulated deferred income taxes.

A. This account shall be debited and account 411.1, Provision for Deferred Income Taxes—Credit, Utility Operating Income, or account 411.2, Provision for Deferred Income Taxes—Credit, Other Income and Deductions, as appropriate, shall be credited with an amount equal to that by which income taxes payable for the year are higher because of the inclusion of certain items in income for tax purposes, which items for general accounting purposes will not be fully reflected in the utility's determination of annual net income until subsequent years.

B. This account shall be credited and account 410.1, Provision for Deferred Income Taxes, Utility Operating Income, or account 410.2, Provision for Deferred Income Taxes, Other Income and Deductions, as appropriate, shall be debited with an amount equal to that by which income taxes payable for the year are lower because of prior payment of taxes as provided by paragraph A above, because of difference in timing for tax purposes of particular items of income or income deductions from that recognized by the utility for general accounting purposes. Such credit to this account and debit to account 410.1 or 410.2 shall, in general, represent the effect on taxes payable in the current year of the smaller amount of book income recognized, or the larger deduction permitted, for tax purposes as compared to the amount recognized in the utility's current accounts with respect to the item or class of items for which deferred tax concept of accounting is affected.

C. Vintage year records with respect to entries to this account, as described above, and the account balance shall be so maintained as to show the factor of calculation with respect to each annual amount of the item or class of items for which deferred tax accounting by the utility is utilized.

D. The utility is restricted in its use of this account to the purpose set forth above. It shall not make use of the balance in this account or any portion thereof except as provided in the text of this account, without prior approval of the Commission. Any remaining deferred tax account balance with respect to an amount for any prior year's tax deferral, the amortization of which or other recognition in the utility's income accounts has been completed, or other disposition made, shall be debited to account 410.1, Provision for Deferred Income Taxes, Utility Operating Income, or account 410.2, Provision for Deferred Income Taxes, Other Income and Deductions, as appropriate, or otherwise disposed of as the Commission may authorize or direct. (See General Instruction 18.)

### 191 Unrecovered purchased gas costs.

A. This account shall include purchase gas costs related to Commission approved purchased gas adjustment clauses when such costs are not included in the utility's rate schedule on file with the Commission. This account shall also include such other costs as authorized by the Commission.

B. This account shall be debited or credited, as appropriate, each month for increases or decreases in purchased gas costs with contra entries to Account 805.1, Purchased Gas Cost Adjustments.

C. After a change in a rate schedule recognizing the increases or decreases in purchased gas costs recorded in this account is approved by the Commission, this account shall be debited or credited, as appropriate, with contra entries to expense Account 805.1, Purchased Gas Cost Adjustments, so that the balance accumulated in this account will be amortized on an appropriate basis over a succeeding 6-month period or over such other periods that the Commission may have authorized. Any over or under applied debits or credits to this account shall be carried forward to the succeeding period of amortization.

D. Separate subaccounts shall be maintained for the amounts relating to the period in which the increase or decrease is accumulated and for the amortization of purchase gas increases or decreases, as applicable, so as to keep each period separate.

### 201 Common stock issued.

### 202 Common stock subscribed (Major only).

### 203 Common stock liability for conversion (Major only).

### 204 Preferred stock issued.

A. These accounts shall include the par value or the stated value of stock without par value if such stock has a stated value, and, if not, the cash value of the consideration received for such nonpar stock, of each class of capital stock actually issued, including the par or stated value of such capital stock in account 124, Other Investments and account 217, Reacquired Capital Stock.

B. When the actual cash value of the consideration received is more or less than the par or stated value of any stock having a par or stated value, the difference shall be credited or debited, as the case may be, to the premium or discount account for the particular class and series.

C. When capital stock is retired, these accounts shall be charged with the amount at which such stock is carried herein.

D. A separate ledger account, with a descriptive title, shall be maintained for each class and series of stock. The supporting records shall show the shares nominally issued, actually issued, and nominally outstanding.

NOTE: When a levy or assessment, except a call for payment on subscriptions, is made against holders of capital stock, the amount collected upon such levy or assessment shall be credited to account 207, Premium on Capital Stock (For Nonmajor companies, account 211, Miscellaneous Paid-In Capital); provided, however, that the credit shall be made to account 213, Discount on Capital Stock, to the extent of any remaining balance of discount on the issue of stock.

### 205 Preferred stock subscribed (Major only).

A. These accounts shall include the amount of legally enforceable subscriptions to capital stock of the utility. They shall be credited with the par or stated value of the stock subscribed, exclusive of accrued dividends, if any. Concurrently, a debit shall be made to subscriptions to capital stock, included as a Other Accounts Receivable, for the agreed price and any discount or premium shall be debited or credited to the appropriate discount or premium account. When properly executed stock certificates have been issued representing the shares subscribed, this account separate subdivision of account 143, shall be debited, and the appropriate capital stock account credited, with the par or stated value of such stock.

B. The records shall be kept in such manner as to show the amount of subscriptions to each class and series of stock.

### 206 Preferred stock liability for conversion (Major only).

A. These accounts shall include the par value or stated value, as appropriate, of capital stock which the utility has agreed to exchange for outstanding securities of other companies in connection with the acquisition of properties of such companies under terms which allow the holders of the securities of the other companies to surrender such securities and receive in return therefor capital stock of the accounting utility.

B. When the securities of the other companies have been surrendered and capital stock issued in accordance with the terms of the exchange, these accounts shall be charged and accounts 201, Common Stock Issued, or 204, Preferred Stock Issued, as the case may be, shall be credited.

C. The records shall be kept so as to show separately the stocks of each class and series for which a conversion liability exists.

### 207 Premium on capital stock (Major only).

A. This account shall include, in a separate subdivision for each class and series of stock, the excess of the actual cash value of the consideration received on original issues of capital stock over the par or stated value and accrued dividends of such stock, together with assessments against stockholders representing payments required in excess of par or stated values.

B. Premium on capital stock shall not be set off against expenses. Further, a premium received on an issue of a certain class or series of stock shall not be set off against expenses of another issue of the same class or series.

C. When capital stock which has been actually issued is retired, the amount in this account applicable to the shares retired shall be transferred to account 210, Gain on Resale or Cancellation of Reacquired Capital Stock.

### 208 Donations received from stockholders (Major only).

This account shall include the balance of credits for donations received from stockholders consisting of capital stock of the utility, cancellation or reduction of debt of the utility, and the cash value of other assets received as a donation.

### 209 Reduction in par or stated value of capital stock (Major only).

This account shall include the balance of credits arising from a reduction in the par or stated value of capital stock.

### 210 Gain on resale or cancellation of reacquired capital stock (Major only).

This account shall include the balance of credits arising from the resale or cancellation of reacquired capital stock. (See account 217, Reacquired Capital Stock.)

### 211 Miscellaneous paid-in capital.

This account shall include the balance of all other credits for paid-in capital which are not properly includible in the foregoing accounts. This account may include all commissions and expenses incurred in connection with the issuance of capital stock.

(In the case of Nonmajor companies, this account shall be kept so as to show the source of the credits includible herein.)

ITEMS (NONMAJOR ONLY)

1. Premium received on original issues of capital stock.
2. Donations received from stockholders or reduction of debt of the utility, and the cash value of other assets received as a donation.
3. Reduction in par or stated value of capital stock.
4. Gain or resale or cancellation of reacquired capital stock.

NOTE A (MAJOR COMPANIES): Amounts included in capital surplus at the effective date of this system of accounts which cannot be classified as to the source thereof shall be included in this account.

NOTE B (NONMAJOR COMPANIES): Premium on capital stock shall not be set off against expenses. Further, a premium received on an issue of a certain class or series of stock shall not be set off against expense of another issue of the same class or series.

### 212 Installments received on capital stock.

A. This account shall include in a separate subdivision for each class and series of capital stock the amount of installments received on capital stock on a partial or installment payment plan from subscribers who are not bound by legally enforceable subscription contracts.

B. As subscriptions are paid in full and certificates issued, this account shall be charged and the appropriate capital stock account credited with the par or stated value of such stock. Any discount or premium on an original issue shall be included in the appropriate discount or premium account.

### 213 Discount on capital stock.

A. This account shall include in a separate subdivision for each class and series of capital stock all discount on the original issuance and sale of capital stock, including additional capital stock of a particular class or series as well as first issues.

B. When capital stock which has been actually issued is retired, the amount in this account applicable to the shares retired shall be written off to account 210, Gain on Resale or Cancellation of Reacquired Capital Stock, provided, however, that the amount shall be charged to account 439, Adjustments to Retained Earnings, to the extent that it exceeds the balance in account 210.

### 214 Capital stock expense.

A. This account shall include in a separate subdivision for each class and series of stock all commissions and expenses incurred in connection with the original issuance and sale of capital stock, including additional capital stock of a particular class or series as well as first issues. Expenses applicable to capital stock shall not be deducted from premium on capital stock.

B. When capital stock which has been actually issued by the utility is retired, the amount in this account applicable to the shares retired shall be written off to account 210, Gain on Resale or Cancellation of Reacquired Capital Stock, provided, however, that the amount shall be charged to account 439, Adjustments to Retained Earnings, to the extent that it exceeds the balance in account 210.

NOTE A: Expenses in connection with the reacquisition or resale of the utility's capital stock shall not be included herein.

NOTE B: The utility may write off capital stock expense in whole or in part by charges to account 211, Miscellaneous Paid-In Capital.

### 215 Appropriated retained earnings.

This account shall include the amount of earned surplus which has been appropriated or set aside for specific purposes. Separate subaccounts shall be maintained under such titles as will designate the purpose for which each appropriation was made.

### 216 Unappropriated retained earnings.

This account shall include the balances, either debit or credit, of unappropriated retained earnings arising from earnings of the utility. This account shall not include any amounts representing the undistributed earnings of subsidiary companies.

### 216.1 Unappropriated undistributed subsidiary earnings (Major only).

This account shall include the balances, either debit or credit, of undistributed retained earnings of subsidiary companies since their acquisition. When dividends are received from subsidiary companies and the balances have been included in this account, this account shall be debited and account 216, Unappropriated Retained Earnings, credited.

### 217 Reacquired capital stock.

A. This account shall include in a separate subdivision for each class and series of capital stock, the cost of capital stock actually issued by the utility and reacquired by it and not retired or canceled, except, however, stock which is held by trustees in sinking or other funds.

B. When reacquired capital stock is retired or canceled, the difference between its cost, including commissions and expenses paid in connection with the reacquisition, and its par or stated value plus any premium and less any discount and expenses applicable to the shares retired, shall be debited or credited, as appropriate, to account 210, Gain on Resale or Cancellation of Reacquired Capital Stock, provided, however, that debits shall be charged to account 439, Adjustments to Retained Earnings, to the extent that they exceed the balance in account 210.

C. When reacquired capital stock is resold by the utility, the difference between the amount received on the resale of the stock, less expenses incurred in the resale, and the cost of the stock included in this account shall be accounted for as outlined in paragraph B.

NOTE A: See account 124. Other Investments, for permissive accounting treatment of stock reacquired under a definite plan for resale.

NOTE B: The accounting for reacquired stock shall be as prescribed herein unless otherwise specifically required by statute.

**218 Noncorporate proprietorship (Nonmajor only).**

This account shall include the investment in an unincorporated utility by the proprietor thereof, and shall be charged with all withdrawals from the business by its proprietor. At the end of each calendar year the net income for the year, as developed in the income account, shall be transferred to this account. (See optional accounting procedure provided in Note C, hereunder.)

NOTE A: Amounts payable to the proprietor as just and reasonable compensation for services performed shall not be charged to this account but to appropriate operating expense or other accounts.

NOTE B: When the utility is owned by a partnership, a separate account shall be kept to show the net equity of each member therein and the transactions affecting the interest of each such partner.

NOTE C: This account may be restricted to the amount considered by the proprietor to be the permanent investment in the business, subject to change only by additional investment by the proprietor or the withdrawal of portions thereof not representing net income. When this option is taken, the retained earnings accounts shall be maintained and entries thereto shall be made in accordance with the texts thereof.

**221 Bonds.**

This account shall include in a separate subdivision for each class and series of bonds the face value of the actually issued and unmatured bonds which have not been retired or canceled; also the face value of such bonds issued by others the payment of which has been assumed by the utility.

**222 Reacquired bonds (Major only).**

A. This account shall include the face value of bonds actually issued or assumed by the utility and reacquired by it and not retired, or canceled. The account for reacquired debt shall not include securities which are held by trustee in sinking or other funds.

B. When bonds are reacquired, the difference between face value, adjusted for unamortized discount, expenses or premium, and the amount paid upon reacquisition, shall be included in account 189, Unamortized Loss on Reacquired Debt, or account 257, Unamortized Gain on Reacquired Debt, as appropriate. (See General Instruction 17.)

**223 Advances from associated companies.**

A. This account shall include the face value of notes payable to associated companies and the amount of open book accounts representing advances from associated companies. It does not include notes and open accounts representing indebtedness subject to current settlement which are includible in account 233, Notes Payable to Associated Companies, or account 234, Accounts Payable to Associated Companies.

B. The records supporting the entries to this account shall be so kept that the utility can furnish complete information concerning each note and open account.

**224 Other long-term debt.**

A. This account shall include, until maturity, all long-term debt not otherwise provided for. This covers such items as receivers' certificates, real estate mortgages executed or assumed, assessments for public improvements, notes and unsecured certificates of indebtedness not owned by associated companies, receipts outstanding for long-term debt, and other obligations maturing more than one year from date of issue or assumption.

B. Separate accounts shall be maintained for each class of obligation, and records shall be maintained to show for each class all details as to date of obligation, date of maturity, interest dates and rates, security for the obligation, etc.

NOTE: Miscellaneous long-term debt reacquired shall be accounted for in accordanc with the procedure set forth in account 222, Reacquired Bonds.

**225 Unamortized premium on long-term debt.**

A. This account shall include the excess of the cash value of consideration received over the face value upon the issuance or assumption of long-term debt securities.

B. Amounts recorded in this account shall be amortized over the life of each respective issue under a plan which will distribute the amount equitably over the life of the security. The amortization shall be on a monthly basis, with the amounts thereof to be credited to account 429, Amortization of Premium on Debt—Credit. (See General Instruction 17.)

**226 Unamortized discount on long-term debt—Debit.**

A. This account shall include the excess of the face value of long-term debt securities over the cash value of consideration received therefor, related to the issue or assumption of all types and classes of debt.

B. Amounts recorded in this account shall be amortized over the life of the respective issues under a plan which will distribute the amount equitably over the life of the securities. The amortization shall be on a monthly basis, with the amounts thereof charged to account 428, Amortization of Debt Discount and Expense. (See General Instruction 17.)

### SPECIAL INSTRUCTIONS FOR CURRENT AND ACCRUED LIABILITIES

Current and accrued liabilities are those obligations which have either matured or which become due within one year from the date thereof; except, however, bonds, receivers' certificates and similar obligations which shall be classified as long-term debt until date of maturity; accrued taxes, such as income taxes, which shall be classified as accrued liabilities even though payable more than one year from date; compensation awards, which shall be classified as current liabilities regardless of date due; and minor amounts payable in installments which may be classified as current liabilities. If a liability is due more than one year from date of issuance or assumption by the utility, it shall be credited to a long-term debt account appropriate for the transaction, except, however, the current liabilities previously mentioned.

**227 Obligations under capital leases—noncurrent.**

This account shall include the portion not due within one year, of the obligations recorded for the amounts applicable to leased property recorded as assets in account 101.1, Property under Capital Leases, or account 121, Nonutility property.

### SPECIAL INSTRUCTION

No amounts shall be credited to these accounts unless authorized by a regulatory authority or authorities to be collected in a utility's rate levels.

**228.1 Accumulated provision for property insurance.**

A. This account shall include amounts reserved by the utility for losses through accident, fire, flood, or other hazards to its own property or property leased from others, not covered by insurance. The amounts charged to account 924, Property Insurance, or other appropriate accounts to cover such risks shall be credited to this account. A schedule of risks covered shall be maintained, giving a description of the property involved, the character of the risks covered and the rates used.

B. Charges shall be made to this account for losses covered, not to exceed the account balance. Details of these charges shall be maintained according to the year the casualty occurred which gave rise to the loss.

**228.2 Accumulated provision for injuries and damages.**

A. This account shall be credited with amounts charged to account 925, Injuries and Damages, or other appropriate accounts, to meet the probable liability, not covered by insurance, for deaths or injuries to employees and others, and for damages to property neither owned nor held under lease by the utility.

B. When liability for any injury or damage is admitted by the utility either voluntarily or because of the decision of a court or other lawful authority, such as a workmens' compensation board, the admitted liability shall be charged to this account and credited to the appropriate current liability account. Details of these charges shall be maintained according to the year the casualty occurred which gave rise to the loss.

NOTE: Recoveries or reimbursements for losses charged to this account shall be credited hereto; the cost of repairs to property of others if provided for herein shall be charged to this account.

### 228.3 Accumulated provision for pensions and benefits.

A. This account shall include provisions made by the utility and amounts contributed by employees for pensions, accident and death benefits, savings, relief, hospital and other provident purposes, where the funds are included in the assets of the utility either in general or in segregated fund accounts.

B. Amounts paid by the utility for the purposes for which this liability is established shall be charged hereto.

C. A separate account shall be kept for each kind of provision included herein.

NOTE: If employee pension or benefit plan funds are not included among the assets of the utility but are held by outside trustees, payments into such funds, or accruals therefor, shall not be included in this account.

### 228.4 Accumulated miscellaneous operating provisions.

A. This account shall include all operating provisions which are not provided for elsewhere.

B. This account shall be maintained in such manner as to show the amount of each separate provision and the nature and amounts of the debits and credits thereto.

NOTE: This account includes only provisions as may be created for operating purposes and does not include any reservations of income the credits for which should be carried in account 215, Appropriated Retained Earnings.

### 229 Accumulated provision for rate refunds.

A. This account shall be credited with amounts charged to Account 496, Provision for Rate Refunds, to provide for estimated refunds where the utility is collecting amounts in rates subject to refund.

B. When a refund of any amount recorded in this account is ordered by a regulatory authority, such amount shall be charged hereto and credited to Account 242, Miscellaneous Current and Accrued Liabilities.

C. Records supporting the entries to this account shall be kept so as to identify each amount recorded by the respective rate filing docket number.

### 231 Notes payable.

This account shall include the face value of all notes, drafts, acceptances, or other similar evidences of indebtedness, payable on demand or within a time not exceeding one year from date of issue, to other than associated companies.

### 232 Accounts payable.

This account shall include all amounts payable by the utility within one year, which are not provided for in other accounts.

### 233 Notes payable to associated companies.

### 234 Accounts payable to associated companies.

These accounts shall include amounts owing to associated companies on notes, drafts, acceptances, or other similar evidences of indebtedness, and open accounts payable on demand or not more than one year from date of issue or creation.

NOTE: Exclude from these accounts notes and accounts which are includible in account 223, Advances from Associated Companies.

### 235 Customer deposits.

This account shall include all amounts deposited with the utility by customers as security for the payment of bills.

### 236 Taxes accrued.

A. This account shall be credited with the amount of taxes accrued during the accounting period, corresponding debits being made to the appropriate accounts for tax charges. Such credits may be based upon estimates, but from time to time during the year as the facts become known the amount of the periodic credits shall be adjusted so as to include as nearly as can be determined in each year the taxes applicable thereto. Any amount representing a prepayment of taxes applicable to the period subsequent to the date of the balance sheet, shall be shown under account 165, Prepayments.

B. If accruals for taxes are found to be insufficient or excessive, correction therefor shall be made through current tax accruals.

C. Accruals for taxes shall be based upon the net amounts payable after credit for any discounts, and shall not include any amounts for interest on tax deficiencies or refunds. Interest received on refunds shall be credited to account 419, Interest and Dividend Income, and interest paid on deficiencies shall be charged to account 431, Other Interest Expense.

D. The records supporting the entries to this account shall be kept so as to show for each class of taxes, the amount accrued, the basis for the accrual, the accounts to which charged, and the amount of tax paid.

### 237 Interest accrued.

This account shall include the amount of interest accrued but not matured on all liabilities of the utility not including, however, interest which is added to the principal of the debt on which incurred. Supporting records shall be maintained so as to show the amount of interest accrued on each obligation.

### 238 Dividends declared (Major only).

This account shall include the amount of dividends which have been declared but not paid. Dividends shall be credited to this account when they become a liability.

### 239 Matured long-term debt (Major only).

This account shall include the amount of long-term debt (including any obligation for premiums) matured and unpaid, without specific agreement for extension of the time of payment and bonds called for redemption but not presented.

### 240 Matured interest (Major only).

This account shall include the amount of matured interest on long-term debt or other obligations of the utility at the date of the balance sheet unless such interest is added to the principal of the debt on which incurred.

### 241 Tax collections payable (Major only).

This account shall include the amount of taxes collected by the utility through payroll deductions or otherwise pending transmittal of such taxes to the proper taxing authority.

NOTE: Do not include liability for taxes assessed directly against the utility which are accounted for as part of the utility's own tax expense.

### 242 Miscellaneous current and accrued liabilities.

This account shall include the amount of all other current and accrued liabilities not provided for elsewhere appropriately designated and supported so as to show the nature of each liability.

ITEMS (NONMAJOR ONLY)

1. Dividends declared but not paid.
2. Matured long-term debt.
3. Matured interest.
4. Taxes collected through payroll deductions or otherwise pending transmittal to the proper taxing authority.

### 243 Obligations under capital leases—current.

This account shall include the portion due within one year, of the obligations recorded for the amounts applicable to leased property recorded as assets in account 101.1, Property under Capital Leases, or account 121, Non-Utility Property.

### 252 Customer advances for construction.

This account shall include advances by customers for construction which are to be refunded either wholly or in part. When a customer is refunded the entire amount to which he is entitled, according to the agreement or rule under which the advance was made, the balance, if any, remaining in this account shall be credited to the respective plant account.

**253 Other deferred credits.**

This account shall include advance billings and receipts and other deferred credit items, not provided for elsewhere, including amounts which cannot be entirely cleared or disposed of until additional information has been received.

**255 Accumulated deferred investment tax credits.**

A. This account shall be credited with all investment tax credits deferred by companies which have elected to follow deferral accounting, partial or full, rather than recognizing in the income statement the total benefits of the tax credit as realized. After such election, a company may not transfer amounts from this account, except as authorized herein and in accounts 411.4, Investment Tax Credit Adjustments, Utility Operations, 411.5, Investment Tax Credit Adjustments, Nonutility Operations, and 420, Investment Tax Credits, or with approval of the Commission.

B. Where the company's accounting provides that investment tax credits are to be passed on to customers, this account shall be debited and account 411.4 credited with a proportionate amount determined in relation to the average useful life of gas utility plant to which the tax credits relate to such lesser period of time as allowed by a regulatory agency having rate jurisdiction. If, however, the deferral procedure provides that investment tax credits are not to be passed on to customers the proportionate restorations to income shall be credited to account 420.

C. If any of the investment tax credits to be deferred are related to utility operations other than gas or to nonutility operations, appropriate subdivisions of this account shall be maintained. Contra entries affecting such subdivisions shall be appropriately recorded in accounts 413, Expenses of Gas Plant Leased to Others; or 414, Other Utility Operating Income.

D. Records shall be maintained identifying the properties related to the investment tax credits for each year the weighted average service life of such properties, and any unused balance of such credits. Such records are not necessary unless the credits are deferred.

**256 Deferred gains from disposition of utility plant.**

This account shall include gains from the sale or other disposition of property previously recorded in account 105, Gas Plant Held for Future Use and account 105.1, Production Properties Held for Future Use, under the provisions of paragraphs B, C, and D thereof, where such gains are significant and are to be amortized over a period of 5 years, unless otherwise authorized by the Commission. The amortization of the amounts in this account shall be made by credits to account 411.6, Gains from Disposition of Utility Plant. Subdivision of this account shall be maintained so that amounts relating to account 105, Gas Plant Held for Future Use and account 105.1, Production Properties Held for Future Use, can be readily identifiable. (See accounts 105, Gas Plant Held for Future Use and account 105.1, Production Properties Held for Future Use.)

**257 Unamortized gain on reacquired debt.**

This account shall include the amounts of discount realized upon reacquisition or redemption of long-term debt. The amounts in this account shall be amortized in accordance with General Instruction 17.

### SPECIAL INSTRUCTIONS

*Accumulated Deferred Income Taxes*

A. Before using the deferred tax accounts provided below refer to General Instruction 18. *Comprehensive Interperiod Income Tax Allocation.*

B. The text of these accounts are designed primarily to cover deferrals of Federal income taxes. However, they are also to be used when making deferrals of State and local income taxes. Natural gas companies which, in addition to a gas utility department, have another utility department, electric, water, etc., and nonutility property which have deferred taxes on income with respect thereto shall separately classify such deferrals in the accounts provided below so as to allow ready identification of items relating to each utility department and to Other Income and Deductions.

### 281 Accumulated deferred income taxes—Accelerated amortization property.

A. This account shall include tax deferrals resulting from adoption of the principles of comprehensive interperiod tax allocation described in General Instruction 18 of this system of accounts that relate to property for which the utility has availed itself of the use of accelerated (5-year) amortization of (1) certified defense facilities as permitted by Section 168 of the Internal Revenue Code and (2) certified pollution control facilities as permitted by Section 169 of the Internal Revenue Code.

B. This account shall be credited and accounts 410.1, Provision for Deferred Income Taxes, Utility Operating Income, or 410.2, Provision for Deferred Income Taxes, Other Income and Deductions, as appropriate, shall be debited with tax effects related to property described in paragraph A above where taxable income is lower than pretax accounting income due to differences between the periods in which revenue and expense transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income.

C. This account shall be debited and accounts 411.1, Provision for Deferred Income Taxes—Credit, Utility Operating Income, or 411.2, Provision for Deferred Income Taxes—Credit, Other Income and Deductions, as appropriate, shall be credited with tax effects related to property described in paragraph A above where taxable income is higher than pretax accounting income due to differences between the periods in which revenue and expense transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income.

D. The utility is restricted in its use of this account to the purposes set forth above. It shall not transfer the balance in this account or any portion thereof to retained earnings or make any use thereof except as provided in the text of this account without prior approval of the Commission. Upon the disposition by sale, exchange, transfer, abandonment or premature retirement of plant on which there is a related balance herein, this account shall be charged with an amount equal to the related income tax expense, if any, arising from such disposition and account 411.1, Provision for Deferred Income Taxes—Credit, Utility Operating Income, or 411.2, Provision for Deferred Income Taxes—Credit, Other Income and Deductions, as appropriate, shall be credited. When the remaining balance, after consideration of any related income tax expense, is less than $25,000, this account shall be charged and account 411.1 or 411.2, as appropriate, credited with such balance. If after consideration of any related income tax expense, there is a remaining amount of $25,000 or more, the Commission shall authorize or direct how such amount shall be accounted for at the time approval for the disposition of accounting is granted. When plant is disposed of by transfer to a wholly owned subsidiary the related balance in this account shall also be transferred. When the disposition relates to retirement of an item or items under a group method of depreciation where there is no tax effect in the year of retirement, no entries are required in this account if it can be determined that the related balances would be necessary to be retained to offset future group item tax deficiencies.

### 282 Accumulated deferred income taxes—Other property.

A. This account shall include the tax deferrals resulting from adoption of the principle of comprehensive interperiod income tax allocation described in General Instruction 18 of this system of accounts which are related to all property other than accelerated amortization property.

B. This account shall be credited and accounts 410.1, Provision for Deferred Income Taxes, Utility Operating Income, or 410.2, Provision for Deferred Income Taxes, Other Income and Deductions, as appropriate, shall be debited with tax effects related to property described in paragraph A above where taxable income is lower than pretax accounting income due to differences between the periods in which revenue and expense transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income.

C. This account shall be debited and accounts 411.1, Provision for Deferred Income Taxes—Credit, Utility Operating Income, or 411.2, Provision for Deferred Income Taxes—Credit, Other Income and Deductions, as appropriate, shall be credited with tax effects related to property described in paragraph A above where taxable income is higher than pretax accounting income due to differences between the periods in which revenue and expense transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income.

D. The utility is restricted in its use of this account to the purposes set forth above. It shall not transfer the balance in this account or any portion thereof to retained earnings or make any use thereof except as provided in the text of this account without prior approval of the Commission. Upon the disposition by sale, exchange, transfer, abandonment or premature retirement of plant on which there is a related balance herein, this account shall be charged with an amount equal to the related income tax expense, if any, arising from such disposition and account 411.1, Income Taxes Deferred in Prior Years—Credit, Utility Operating Income, or 411.2, Income Taxes Deferred in Prior Years—Credit, Other Income and Deductions, shall be credited. When the remaining balance, after consideration of any related tax expenses, is less than $25,000, this account shall be charged and account 411.1 or 411.2, as appropriate, credited with such balance. If after consideration of any related income tax expense, there is a remaining amount of $25,000 or more, the Commission shall authorize or direct how such amount shall be accounted for at the time approval for the disposition of accounting is granted. When plant disposed of by transfer to a wholly owned subsidiary, the related balance in this account shall also be transferred. When the disposition relates to retirement of an item or items under a group method of depreciation where there is no tax effect in the year of retirement, no entries are required in this account if it can be determined that the related balance would be necessary to be retained to offset future group item tax deficiencies.

### 283 Accumulated deferred income taxes—Other.

A. This account shall include all credit tax deferrals resulting from the adoption of the principles of comprehensive interperiod income tax allocation described in General Instruction 18 of this system of accounts other than those deferrals which are includible in Accounts 281, Accumulated Deferred Income Taxes—Accelerated Amortization Property and 282, Accumulated Deferred Income Taxes—Other Property.

B. This account shall be credited and accounts 410.1 Provision for Deferred Income Taxes, Utility Operating Income, or 410.2, Provision for Deferred Income Taxes, Other Income and Deductions, as appropriate, shall be debited with tax effects related to items described in paragraph A above where taxable income is lower than pretax accounting income due to differences between the periods in which revenue and expense transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income.

C. This account shall be debited and accounts 411.1, Provision for Deferred Income Taxes—Credit, Utility Operating Income or 411.2, Provision for Deferred Income Taxes—Credit, Other Income and Deductions, as appropriate shall be credited with tax effects related to items described in paragraph A above where taxable income is higher than pretax accounting income due to differences between the periods in which revenue and expense transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income.

D. Records with respect to entries to this account, as described above, and the account balance, shall be so maintained as to show the factors of calculation with respect to each annual amount of the item or class of items

E. The utility is restricted in its use of this account to the purposes set forth above. It shall not transfer the balance in the account or any portion thereof to retained earnings or to any other account or make any use thereof except as provided in the text of this account, without prior approval of the Commission. Upon the disposition by sale, exchange, transfer, abandonment or premature retirement of items on which there is a related balance herein, this account shall be charged with an amount equal to the related income tax effect, if any, arising from such disposition and account 411.1, Provision For Deferred Income Taxes—Credit, Utility Operating Income, or 411.2, Provision For Deferred Income Taxes—Credit, Other Income and Deductions, as appropriate, shall be credited. When the remaining balance, after consideration of any related tax expenses, is less than $25,000, this account shall be charged and account 411.1 or 411.2, as appropriate, credited with such balance. If after consideration of any related income tax expense, there is a remaining amount of $25,000 or more, the Commission shall authorize or direct how such amount shall be accounted for at the time approval for the disposition of accounting is granted.

When plant is disposed of by transfer to a wholly owned subsidiary, the related balance in this account shall also be transferred. When the disposition relates to retirement of an item or items under a group method of depreciation where there is no tax effect in the year of retirement, no entries are required in this account if it can be determined that the related balance would be necessary to be retained to offset future group item tax deficiencies.

## Gas Plant Accounts

### 1. INTANGIBLE PLANT

301 Organization.
302 Franchises and consents.
303 Miscellaneous intangible plant.

### 2. PRODUCTION PLANT

#### A. MANUFACTURED GAS PRODUCTION PLANT

304 Land and land rights.
305 Structures and improvements.
306 Boiler plant equipment.
307 Other power equipment.
308 Coke ovens.
309 Producer gas equipment.
310 Water gas generating equipment.
311 Liquefied petroleum gas equipment.
312 Oil gas generating equipment.
313 Generating equipment—Other processes.
314 Coal, coke, and ash handling equipment.
315 Catalytic cracking equipment.
316 Other reforming equipment.
317 Purification equipment.
318 Residual refining equipment.
319 Gas mixing equipment.
320 Other equipment.

#### B. NATURAL GAS PRODUCTION PLANT

#### *B.1. Natural Gas Production and Gathering Plant*

325.1 Producing lands.
325.2 Producing leaseholds.
325.3 Gas rights.
325.4 Rights-of-way.
325.5 Other land and land rights.
326 Gas well structures.
327 Field compressor station structures.
328 Field measuring and regulating station structures.
329 Other structures.
330 Producing gas wells—Well construction.
331 Producing gas wells—Well equipment.
332 Field lines.
333 Field compressor station equipment.
334 Field measuring and regulating station equipment.
335 Drilling and cleaning equipment.
336 Purification equipment.
337 Other equipment.
338 Unsuccessful exploration and development costs.

#### *B.2. Products Extraction Plant*

340 Land and land rights.
341 Structures and improvements.
342 Extraction and refining equipment.
343 Pipe lines.
344 Extracted product storage equipment.
345 Compressor equipment.
346 Gas measuring and regulating equipment.
347 Other equipment.

### 3. NATURAL GAS STORAGE AND PROCESSING PLANT

#### A. UNDERGROUND STORAGE PLANT

350.1 Land.
350.2 Rights-of-way.
351 Structures and improvements.
352 Wells.
352.1 Storage leaseholds and rights.

352.2 Reservoirs.
352.3 Nonrecoverable natural gas.
353 Lines.
354 Compressor station equipment.
355 Measuring and regulating equipment.
356 Purification equipment.
357 Other equipment.

B. OTHER STORAGE PLANT

360 Land and land rights.
361 Structures and improvements.
362 Gas holders.
363 Purification equipment (Major only).
363.1 Liquefaction equipment (Major only).
363.2 Vaporizing equipment (Major only).
363.3 Compressor equipment (Major only).
363.4 Measuring and regulating equipment (Major only).
363.5 Other equipment.

C. BASE LOAD LIQUEFIED NATURAL GAS TERMINALING AND PROCESSING PLANT

364.1 Land and land rights (Major only).
364.2 Structures and improvements (Major only).
364.3 LNG processing terminal equipment (Major only).
364.4 LNG transportation equipment (Major only).
364.5 Measuring and regulating equipment (Major only).
364.6 Compressor station equipment (Major only).
364.7 Communication equipment (Major only).
364.8 Other equipment (Major only).

4. TRANSMISSION PLANT

365.1 Land and land rights.
365.2 Rights-of-way.
366 Structures and improvements.
367 Mains.
368 Compressor station equipment.
369 Measuring and regulating station equipment.
370 Communication equipment.
371 Other equipment.

5. DISTRIBUTION PLANT

374 Land and land rights.
375 Structures and improvements.
376 Mains.
377 Compressor station equipment.
378 Measuring and regulating station equipment—General.
379 Measuring and regulating station equipment—City gate check stations.
380 Services.
381 Meters.
382 Meter installations.
383 House regulators.
384 House regulatory installations.
385 Industrial measuring and regulating station equipment.
386 Other property on customers' prem ises.
387 Other equipment.

6. GENERAL PLANT

389 Land and land rights.
390 Structures and improvements.
391 Office furniture and equipment.
392 Transportation equipment.
393 Stores equipment.
394 Tools, shop and garage equipment.
395 Laboratory equipment.
396 Power operated equipment.
397 Communication equipment.
398 Miscellaneous equipment.
399 Other tangible property.

## Gas Plant Accounts

### 301 Organization.

This account shall include all fe paid to Federal or State governmen for the privilege of incorporation an expenditures incident to organizin the corporation, partnership, or othe enterprises and putting it into read ness to do business.

ITEMS

1. Cost of obtaining certificates author ing an enterprise to engage in the publ utility business.
2. Fees and expenses for incorporation.
3. Fees and expenses for mergers or co solidations.
4. Office expenses incident to organiz the utility.
5. Stock and minute books and corpora seal.

NOTE A: This account shall not inclu any discounts upon securities issued or a sumed; nor shall it include any costs in dent to negotiating loans, selling bonds other evidences of debt, or expenses in co nection with the authorization, issuance, sale of capital stock.

NOTE B: Exclude from this account and clude in the appropriate expense accou the cost of preparing and filing papers connection with the extension of the te of incorporation unless the first organi tion costs have been written off. Wh charges are made to this account for e penses incurred in mergers consolidatio or reorganizations, amounts previously cluded herein or in similar accounts in th books of the companies concerned shall excluded from this account.

### 302 Franchises and consents.

A. This account shall inclu amounts paid to the Federal Gover ment, to a State or to a political subdivision thereof in consideration for franchises, consents, or certificates, running in perpetuity or for a specified term of more than 1 year, together with necessary and reasonable expenses incident to procuring such franchises, consents, or certificates of permission and approval, including expenses of organizing and merging separate corporations, where statutes require, solely for the purpose of acquiring franchises.

B. If a franchise, consent, or certificate is acquired by assignment, the charge to this account in respect thereof shall not exceed the amount paid therefor by the utility to the assignor, nor shall it exceed the amount paid by the original grantee, plus the expense of acquisition to such grantee. Any excess of the amount actually paid by the utility over the amount above specified shall be charged to account 426.5, Other Deductions.

C. When any franchise has expired, the book cost thereof shall be credited hereto and charged to account 426.5, Other Deductions, or to account 111, Accumulated Provision for Amortization and Depletion of Gas Utility Plant (For Nonmajor Companies; account 110, Accumulated Provisions for Depreciation, Depletion and Amortization of Gas Utility Plant), as appropriate.

D. Records supporting this account shall be kept so as to show separately the book cost of each franchise or consent.

NOTE: Annual or other periodic payments under franchises shall not be included herein but in the appropriate operating expense account.

**303 Miscellaneous intangible plant.**

A. This account shall include the cost of patent rights, licenses, privileges, and other intangible property necessary or valuable in the conduct of the utility's gas operations and not specifically chargeable to any other account.

B. When any item included in this account is retired or expires, the book cost thereof shall be credited hereto and charged to account 426.5, Other Deductions, or account 111, Accumulated Provision for Amortization and Depletion of Gas Utility Plant (For Nonmajor Companies; account 110, Accumulated Provisions for Depreciation, Depletion and Amortization of Gas Utility Plant), as appropriate.

C. This account shall be maintained in such a manner that the utility can furnish full information with respect to the amounts included herein.

**304 Land and land rights.**

This account shall include the cost of land and land rights used in connection with manufactured gas production. (See gas plant instruction 7.)

**305 Structures and improvements.**

This account shall include the cost of structures and improvements used in connection with manufactured gas production. (See gas plant instruction 8.)

NOTE: Include relief holders in this account.

**306 Boiler plant equipment.**

This account shall include the cost installed of furnaces, boilers, steam and feed water piping, boiler apparatus, and accessories used in the production of steam at gas production plants.

ITEMS

1. Accumulators.
2. Air preheaters, including fans and drives, and ducts not part of building.
3. Ash disposal equipment, including sluiceways not part of a building, pumps and piping, crane, ash bucket conveyor and drives, ash cars, etc.
4. Belt conveyors, including drives.
5. Blast gate valves.
6. Blow-down tanks and piping.
7. Boilers, including valves attached thereto, casings, safety valves, soot blowers, soot hoppers, superheaters, and feed water regulators.
8. Cinder and dust catcher system, including mechanical and electric types.
9. Coal and coke handling equipment, including hoppers, lorries, etc., used wholly for boilers.
10. Combustion control system, including all apparatus installed for the regulation and control of the supply of fuel or air to boilers.
11. Control apparatus.
12. Cranes, hoists, etc., wholly identified with apparatus listed herein.
13. Desuperheaters and reducing valves.

14. Draft apparatus, including forced, induced, and other draft systems, with blowers, fans, and ducts not part of building.

15. Economizers.

16. Emergency lighting systems, not part of building, keep-a-lite systems, etc.

17. Emergency signal systems, in connection with boiler operation.

18. Feed water heaters, including primary and stage.

19. Flues, uptakes, and breeching, whether or not stacks are included in this account.

20. Foundations and settings, specially constructed for and not intended to outlast the apparatus for which provided.

21. Furnaces.

22. Gas firing system, including gas lines, burners, etc., for gas fired boilers.

23. Injectors.

24. Mechanical stoker and feeding systems, clinker grinders, including drives.

25. Meters, gauges, recording instruments, etc.

26. Oil burning equipment, including tanks, heaters, pumps with drives, burner equipment, piping, and conditioning apparatus.

27. Painting, first cost.

28. Panels, control (for operating apparatus listed herein).

29. Piping system, steam header and exhaust header, including accessory pipe hangers, steam traps, etc., make-up water, feed water, drip, blow-off, water pipe lines used for steam plant, and valve control system.

30. Platforms, railings, steps, gratings, etc., appurtenant to apparatus listed herein.

31. Pulverizing equipment.

32. Pumps and driving units, for feed water, heater condensate, condenser water, and drip.

33. Stacks—brick, steel, and concrete, when set on separate foundations independent of substructure or superstructure of building.

34. Steam reheaters.

35. Steelwork, especially constructed for apparatus listed herein.

36. Tanks, including surge, weighing, return, blow-off, feed water storage.

37. Tar burning equipment for utilization of tar as boiler fuel, including tanks, pumps, burner equipment, piping, etc.

38. Waste heat boilers and accessories—stack valve and stack irrespective of location.

39. Water treatment system, including purifiers, settling tanks, filters, chemical mixing and dosing apparatus, etc.

NOTE A: This account shall not include boilers or steam pipes whose primary purpose is the heating of buildings.

NOTE B: When the system for supplying boiler or condenser water is elaborate, as when it includes a dam, reservoir, canal, or pipe line, the cost shall not be charged this account but to a special subdivision account 305, Structures and Impro ments—Manufactured Gas.

### 307 Other power equipment.

A. This account shall include cost installed of electric generat and accessory equipment used for plying electricity in gas producti plants.

B. This account shall also inclu the cost installed of miscellaneo power equipment at gas producti plants which is not included in other account.

ITEMS

1. Acid proofing of battery rooms.

2. Air duct runs in battery rooms.

3. Air pump, streamjet.

4. Batteries for control and general sta use.

5. Belts, pulleys, hangers, shafts, countershafts.

6. Cables between generators and swi boards.

7. Cabinets, control.

8. Compartments, including buses, conn tions, and items permanently attached.

9. Enclosure equipment not an integ part of building.

10. Engines, including steam rotary or ciprocating, steam turbines, and inter combustion engines.

11. Foundations and settings, speci constructed for and not intended to outla the apparatus for which provided.

12. Generators, a.c. or d.c., including ex tation system.

13. Ground connections, for main sta ground.

14. Lightning arresters.

15. Motor generators, frequency chang and converters.

16. Overhead power lines, including po crossarms, insulators, conductors, etc.

17. Panels, control, including supports instruments.

18. Piping applicable to apparatus li herein.

19. Reactors.

20. Rectifiers.

21. Safety equipment, including rub mats, remote closing devices, glove cabin

22. Switchboards, including fram panels, meters, and instruments.

23. Switching equipment, including oil cuit breakers, disconnecting switches, connections.

24. Synchronous converters.

25. Transformers, including transfor platforms.

26. Underground conduit system, including manholes and conductors.

Note: When any unit of equipment listed herein is wholly used to furnish power to equipment included in another single account, its cost shall be included in such account.

**308 Coke ovens.**

This account shall include the cost installed of coke ovens used for the production of gas.

Items

1. Apparatus for placing coal in ovens.
2. Bins, if not part of a building.
3. Cabinets, control.
4. Calorimeters.
5. Cars, quenching.
6. Charging lorry.
7. Clay mixers.
8. Coke guide.
9. Coke and pusher benches.
10. Collecting mains.
11. Control apparatus.
12. Conveyor, flight.
13. Cover lifting machinery.
14. Door handling machine.
15. Door luting machine.
16. Driving units for coke oven machinery.
17. Enclosures for machinery.
18. Engines, when not an integral part of the driven equipment.
19. Firing equipment.
20. Flues, uptakes, and breeching.
21. Foundations.
22. Fuel handling equipment used exclusively for coal to be carbonized in ovens.
23. Fuel systems under ovens.
24. Hot coke wharves.
25. Hot coke cars.
26. Instruments or meters, electrical.
27. Locomotives.
28. Mud mill.
29. Motor contrbl equipment.
30. Ovens.
31. Panel, control.
32. Piping, including ascension pipes, hydraulic main, liquor flushing decanter tank, liquor pump, and return line to hydraulic main.
33. Pushers, including tracks and driving equipment.
34. Quenching station including structure, tank, well, piping, etc.
35. Quenching towers, piping, etc.
36. Regenerator, from bottom of oven floor tile to battery foundation.
37. Reversing machine, with enclosure.
38. Scale, platform.
39. Signal system.
40. Skip hoist.
41. Stacks.
42. Steel and iron work supports, platforms, stairways, etc.
43. Switches and switchboards.

**309 Producer gas equipment.**

This account shall include the cost installed of equipment used for the production of producer gas.

Items

1. Ash handling equipment, used exclusively for producers.
2. Blast apparatus, including blowers, driving units, and blast mains.
3. Control apparatus.
4. Coolers and scrubbers.
5. Driving apparatus for producers.
6. Foundations and settings, specially constructed for and not intended to outlast the apparatus for which provided.
7. Fuel handling equipment, used exclusively for producers.
8. Humidifiers.
9. Piping—air, steam (commencing at steam header), water (inside of building), and producer gas (up to outlet of final piece of apparatus in building).
10. Producer boosters, including driving units.
11. Producers.
12. Water separators.

**310 Water gas generating equipment.**

This account shall include the cost installed of equipment used in the generation of water gas.

Items

1. Automatic operation equipment.
2. Back-run installations.
3. Blast equipment, including blowers and driving units, piping and supports.
4. Bridge, coal shed to generator house.
5. Carburetors.
6. Charging equipment, fuel.
7. Circulating water pumps.
8. Concrete or brick pits, including cover, not part of building.
9. Control apparatus.
10. Conveyors.
11. Dust collectors.
12. Enclosures for equipment (barriers, fire walls, guards, housings, screens, etc.).
13. Flow meters.
14. Foundations and settings, specially constructed for and not intended to outlast the apparatus for which provided.
15. Fuel handling equipment used exclusively for fuel for this account.
16. Gauges, indicating and recording.
17. Generators.
18. Hot valves.
19. Hydraulic operation equipment.
20. Instruments and meters, electrical.
21. Oil handling and storage apparatus used solely for water gas apparatus (tanks,

pumps and oil lines, oil heaters, manholes, valve pits, regulators, strainers, etc.).

22. Oil spray.
23. Operating floors and supports, stairways, etc.
24. Piling under foundations.
25. Piping and valves—steam (commencing at steam header) tar (to decanter) water (inside of building), and gas up to outlet of final pieces of apparatus in building).
26. Pressure regulators.
27. Scales, when used in connection with items in this account.
28. Seal pots.
29. Superheaters and superheater stacks.
30. Tanks, hydraulic pressure.
31. Valve operating mechanisms.
32. Wash boxes.

### 311 Liquefied petroleum gas equipment.

A. This account shall include the cost installed of equipment used for the production of gas from petroleum derivatives, such as propane, butane, or gasoline.

B. Subdivisions of this account shall be maintained for each producing process for which this account is provided. A separate subaccount shall be maintained also for bottling equipment included herein.

#### ITEMS

1. Blowers.
2. Boilers.
3. Calorimixer.
4. Carbureting equipment.
5. Compression equipment.
6. Controller.
7. Control apparatus.
8. Enclosures and protective fences.
9. Foundations and settings, specially constructed for and not intended to outlast the apparatus for which provided.
10. Heat exchanger.
11. Gauges and instruments.
12. Mixing or proportioning equipment.
13. Motors, not an integral part of driven equipment.
14. Odorizing equipment.
15. Oil separator.
16. Piping—steam (commencing at steam header), water (inside of building), oil (from supply tank), and gas (up to outlet of final piece of apparatus in building).
17. Pits.
18. Prime movers.
19. Pumps, including driving units.
20. Regulator.
21. Stairs, platforms, and ladders.
22. Storage equipment, tanks, etc.
23. Superheater.
24. Traps.
25. Valves—regulating and check.
26. Vaporizing equipment.

### 312 Oil gas generating equipment.

This account shall include the co installed of equipment used for gene ating oil gas.

#### ITEMS

1. Air blast equipment, including blowe and driving units, piping and supports.
2. Air inlet louvres and filters.
3. Foundations and settings, specially co structed for and not intended to outlast t apparatus for which provided.
4. Generating equipment, including au matic cycle controls, generators, operati floor, superheaters and wash boxes.
5. Instruments and instrument boar complete with signal lights and thermoc ples and including gauge board, press gauges, and pyrometers.
6. Meters and regulators, such as, air fl meter, generator oil meter, steam fl meter, and steam regulator.
7. Piping and valves, air, steam (commen ing at steam header), water (inside bui ing), and oil gas (up to outlet of final pie of apparatus in building).
8. Pumps, hydraulic and oil.
9. Tanks, hydraulic accumulator, hydra lic return, oil and steam accumulator.

### 313 Generating equipment—Other p esses.

This account shall include, with su divisions for each type of gas pr duced, the cost installed of generati equipment which is not included i any of the foregoing accounts, such a benches and retorts for the producti of coal gas, equipment used for gene ating acetylene gas, etc.

#### ITEMS

As to coal gas production equipment:
1. Benches.
2. Charging and drawing machines.
3. Control apparatus.
4. Equipment for steaming retorts.
5. Flues, uptakes and breeching, wheth or not stacks are included in this account.
6. Foundations.
7. Fuel handling equipment used exc sively for retorts, including weight lorr tracks, etc., and grinders, breakers, a screens located in retort house.
8. Fuel system under retorts, includi built-in producers.
9. Piping, including ascension pipes, h draulic main, liquor flushing decanter ta liquor pump, and return line to hydrau main.
10. Primary atmospheric condensers.
11. Retorts.

12. Stacks—brick, steel, and concrete when set on separate foundations independent of substructure or superstructure of buildings, including lightning arresters.

### 314 Coal, coke, and ash handling equipment.

This account shall include the cost installed of structures or equipment used for the transportation, storage, washing, and treatment of coal, coke, and ashes, when used for general gas plant operations.

ITEMS

1. Bins—mixing, refuse, storage, etc.
2. Boom operating mechanism.
3. Breaker equipment.
4. Bridges, bridge track, and machinery.
5. Bucket conveyors and supports.
6. Capstan.
7. Cars.
8. Chutes.
9. Circuit breakers.
10. Coal loaders.
11. Coal preparation machinery, including washing and drying equipment.
12. Conduit, electrical.
13. Conveyors and supports.
14. Crane, caterpillar.
15. Driving apparatus for equipment listed herein.
16. Elevators.
17. Enclosure equipment.
18. Engines, not an integral part of driven equipment.
19. Foundations and settings, specially constructed for and not intended to outlast the apparatus for which provided.
20. Gravity swing unloader.
21. Hoppers.
22. Instruments or meters, electrical.
23. Ladders, fixed.
24. Loading towers and equipment.
25. Locomotives.
26. Motor generators used only for equipment in this account.
27. Panel, control.
28. Pitts.
29. Pulverizing equipment.
30. Railroad sidings and yard tracks.
31. Sampling equipment.
32. Scales.
33. Screens.
34. Sheds and fencing.
35. Shuttle boom.
36. Signal system equipment.
37. Silo.
38. Skip hoist.
39. Stairs, railings, etc.
40. Transfer cars and trucks.
41. Trestles.
42. Turntable.
43. Unloaders.
44. Weightometer.

### 315 Catalytic cracking equipment.

This account shall include the cost installed of equipment used for producing gas by the catalytic cracking process.

ITEMS

1. Caloric meters.
2. Catalytic furnace, including catalyst and foundation.
3. Combustion air blowers.
4. Compressors, air.
5. Control equipment.
6. Cooling coils, including foundations
7. Cooling towers, including foundations.
8. Enclosures.
9. Fractionalizing units.
10. Piping and valves.
11. Preheaters.
12. Pressure regulators.
13. Proportioning controls.
14. Tanks.
15. Vaporizers.

### 316 Other reforming equipment.

This account shall include the cost installed of equipment, other than catalytic cracking equipment, used primarily for reforming gas with resultant changes in its chemical composition and calorific value.

ITEMS

1. Blast equipment, including blowers and driving units, piping, and supports.
2. Control apparatus.
3. Foundations and settings, specially constructed for and not intended to outlast the apparatus for which provided.
4. Fuel and ash handling equipment, used wholly in reforming gas.
5. Oil gas apparatus, used for reforming gas.
6. Piping—steam (commencing at steam header), water (inside of building), and gas (up to outlet of final piece of apparatus in building).
7. Pumps and driving units.
8. Purifiers for gas to be reformed.
9. Regulators.
10. Water gas generators, used primarily for reforming gas.

### 317 Purification equipment.

This account shall include the cost installed of apparatus used for the removal of impurities from gas and apparatus for conditioning gas, including pumps, wells, and other accessory apparatus.

Items

1. Blowers for revivifying.
2. Blowers for activators.
3. Condensers and washer coolers.
4. Control apparatus—conduit, cable, cabinets, switchboards, etc.
5. Crane or cover lifting equipment, not part of the structure.
6. Dehydrators.
7. Engines, not an integral part of driven equipment.
8. Foundations and settings, specially constructed for and not intended to outlast the equipment for which provided.
9. Instruments and meters, electric.
10. Lubricators.
11. Naphthalene and light oil scrubbers.
12. Other accessory equipment such as coolers, spray ponds, pumps, platforms, railings, stairs.
13. Oxide elevators and pits, platforms, tables, and trenches.
14. Piping—air, steam, water, gas, condensate, liquor, tar, etc., from inlet valve of first piece of apparatus to outlet valve of final piece of apparatus (or, in building, from entrance to building to exit from building).
15. Precipitators.
16. Purifiers—iron oxide or liquid, including first filling.
17. Recording gauges and thermometers.
18. Revivifying air ducts.
19. Saturator with auxiliary equipment.
20. Scrubbers.
21. Seal and drip pots.
22. Signal system identified with equipment herein.
23. Sulphur removal apparatus.
24. Tar extractors and Cottrell precipitators.
25. Tar pumps and tanks.
26. Track runs for cranes and hoists.
27. Wash boxes.
28. Water meters, for cooling water.

### 318 Residual refining equipment.

This account shall include the cost installed of apparatus used in refining and handling of residuals except where the apparatus is necessary for the operation of property included in account 317, Purification Equipment.

Items

1. Ammonia stills, condensers, saturators, etc.
2. Apparatus for removal of residuals from purifier liquids.
3. Coke filter.
4. Coke handling and storage facilities used solely for coke held for sale.
5. Condensers.
6. Control apparatus.
7. Coolers.
8. Decanters.
9. Foundations specially constructed for and not intended to outlast the apparatus for which provided.
10. Gauges.
11. Heating equipment for apparatus included in this account.
12. Instruments.
13. Light oil stills, washers, etc.
14. Piping and pumps.
15. Platforms, stairs, and ladders.
16. Separators.
17. Storage tanks.
18. Supports.
19. Tar dehydrators, stills, etc.

### 319 Gas mixing equipment.

This account shall include the cost installed of equipment used for mixing manufactured and natural gas, or the mixing of other gases incident to delivery of such mixed gases to the distribution system.

Items

1. Alcohol units.
2. Automatic mixing controls.
3. Btu adjustor.
4. Calorimeter.
5. Calorimixer.
6. Compressor.
7. Gas heater.
8. Gas scrubber (air filter, dust cleaner).
9. Gauges and instruments.
10. Meters.
11. Mixing chambers.
12. Odorizing equipment.
13. Oil pump units.
14. Panel and control equipment.
15. Piping and valves.
16. Regulators, pressure and ratio.
17. Safety alarm equipment.

### 320 Other equipment.

This account shall include the cost installed of equipment used in the production of gas, when not assignable to any of the foregoing accounts.

Items

1. Cabinet, control.
2. Compressed air system.
3. Fire hose carts.
4. First aid room equipment.
5. Foamite system.
6. Foundations and settings specially constructed for and not intended to outlast the apparatus for which provided.
7. Gasoline pumps.
8. Hand pumps.
9. Machine shop equipment, such as lathes, pipe cutting and threading machines, vise grinders, power saw, shop

motors, shafting and belting, drill press, shapers, milling machines, planes, etc.

10. Odorizing equipment.
11. Office furniture and equipment.
12. Oil foggers.
13. Panel, control.
14. Piping—yard, when not includible in other accounts.
15. Pits.
16. Platforms.
17. Portable scaffolds, ladders, etc.
18. Power shovels.
19. Production laboratory equipment.
20. Scales, not associated with other equipment.
21. Special signal equipment.
22. Tractors for general plant use.
23. Works exhauster including driving unit and governor.
24. Works station meters, including gauges, piping and accessories.

### SPECIAL INSTRUCTIONS

### *Costs Related to Leases Acquired After October 7, 1969*

The net book value of amounts recorded in the natural gas production accounts incurred on or related to leases acquired after October 7, 1969, shall, in general, not exceed the net realizable value (estimated selling price less estimated costs of extraction, completion, and disposal) of recoverable hydrocarbon reserves discovered on such leases. After initiation of exploration and development on leases acquired after October 7, 1969, the utility must determine after a reasonable period of time, and annually thereafter, whether the net realizable value of such recoverable reserves will be sufficient to absorb the net book value of amounts recorded in the accounts. The recoverable reserves shall be determined and attested to by independent appraisers no less frequently than every 3 years. If the net realizable value of recoverable reserves is not sufficient to absorb the net book value of amounts in the production accounts, the utility shall reduce the net book value of the amounts in the accounts to net realizable value of recoverable reserves. The reduction shall be done by first reducing the unamortized amounts recorded in Account 338, Unsuccessful Exploration and Development Costs, by debiting Account 404.1, Amortization and Depletion of Producing Natural Gas Land and Land Rights (for Nonmajor companies, 403.1, Depreciation and Depletion Expense). Next, if the net book value related to successful costs exceeds the net realizable value of the recoverable reserves, the production plant accounts shall be written down to such net realizable value by appropriate charges and credits to the expense and valuation accounts.

### 325.1 Producing lands.

This account shall include the cost of lands held in fee on which producing natural gas wells are located, and lands held in fee which are being drained of natural gas through the operation by the utility of wells on other land. (See gas plant instruction 7-G.)

### 325.2 Producing leaseholds.

A. This account shall include the cost of acquiring leaseholds on which the utility pays royalties for natural gas obtained therefrom. (See gas plant instruction 7-G.)

B. Exclude from this account rents paid periodically for rights obtained under leases. Exclude also from this account the cost of leaseholds which terminate in one year or less after they become effective.

### 325.3 Gas rights.

This account shall include the cost of natural gas rights used in producing natural gas, whereby the utility obtains ownership in gas underlying land not owned or leased by the utility. It does not provide for gas rights which are leased and which are properly chargeable to account 325.2, Producing Leaseholds.

### 325.4 Rights-of-way.

This account shall include the cost of all interests in land which terminate more than 1 year after they become effective and on which are located gathering pipelines, telephone pole lines, and like property used in connection with the production of natural gas. (See gas plant instruction 7.)

### 325.5 Other land and land rights.

This account shall include the cost of land and land rights used in connection with the production of natural gas, when not properly assignable to any of the foregoing accounts. (See gas plant instruction 7.)

### 326 Gas well structures.

This account shall include the cost of well structures and improvements used in connection with the housing of permanent bailers and other equipment necessary to keep the wells in operation. (See gas plant instruction 8.)

### 327 Field compressor station structures.

This account shall include the cost of structures and improvements used in connection with the housing of compressor station equipment used to raise the pressure of natural gas before it is conveyed to the terminus of the field lines. (See gas plant instruction 8.)

### 328 Field measuring and regulating station structures.

This account shall include the cost of structures and improvements used in connection with the housing of meters, regulators, and appurtenant appliances for measuring and regulating natural gas before the point where it enters the transmission or distribution system. (See gas plant instruction 8.)

### 329 Other structures.

This account shall include the cost of structures and improvements used in connection with natural gas production and gathering not provided for elsewhere. (See gas plant instruction 8.)

### 330 Producing gas wells—Well construction.

This account shall include the cost of drilling producing gas wells.

ITEMS

1. Clearing well site.
2. Hauling, erecting, dismantling, and removing boilers, portable engines, derricks, rigs, and other equipment and tools used in drilling.
3. Drilling contractors' charges.
4. Drive pipe.
5. Fuel or power.
6. Labor.
7. Rent of drilling equipment.
8. Water used in drilling, obtained either by driving wells, piping from springs or streams, or by purchase.
9. Hauling well equipment.
10. Shooting, fracturing, acidizing.

### 331 Producing gas wells—Well equipment.

This account shall include the cost of equipment in producing gas wells.

ITEMS

1. Bailing equipment.
2. Boilers and drives permanently connected.
3. Casing.
4. Derrick.
5. Fence, when solely an enclosure for equipment.
6. Fittings, including shut-in valves, bradenheads and casing heads.
7. Packing.
8. Tank, oil or water, etc.
9. Tubing.

### 332 Field lines.

This account shall include the cost installed of field lines used in conveying natural gas from the wells to the point where it enters the transmission or distribution system.

ITEMS

1. Gathering lines, including pipe, valves, fittings, and supports.
2. Cathodic protection equipment.
3. Creek crossings, suspension bridges and other special construction.
4. Line drips and separators.
5. Line pack gas.

### 333 Field compressor station equipment.

This account shall include the cost installed of compressor station equipment and associated appliances used to raise the pressure of natural gas before it is conveyed to the terminus of the field lines.

ITEMS

1. Boiler plant, coal handling and ash handling equipment for steam powered compressor station.
2. Compressed air system equipment.
3. Compressor equipment and driving units, including auxiliaries, foundations, guard rails and enclosures, etc.
4. Electric system equipment, including generating equipment and driving units, power wiring, transformers, regulators, battery equipment, switchboard, etc.
5. Fire fighting equipment.
6. Gas lines and equipment, including fuel supply lines, cooling tower and pond and associated equipment, dehydrators, fuel gas mixers, special pipe bends and connections and associated scrubbers, separators, tanks, gauges and instruments.
7. Laboratory and testing equipment.
8. Lubricating oil system, including centrifuge, filter, tanks, purifier, and lubricating oil piping, etc.
9. Office furniture and fixtures and general equipment such as heating boilers, steel lockers, first-aid equipment, gasoline dis-

pensing equipment, lawn mowers, incinerators, etc.

10. Shop tools and equipment.

11. Water supply and circulation system, including water well, tank, water piping, cooling tower, spray fence, and water treatment equipment, etc., but not including water system equipment solely for domestic and general use.

### 334 Field measuring and regulating station equipment.

This account shall include the cost installed of meters, gauges, and other equipment used in measuring and regulating natural gas collected in field lines before the point where it enters the transmission or distribution system.

ITEMS

1. Automatic control equipment.
2. Boilers, heaters, etc.
3. Foundations, pits, etc.
4. Gas cleaners, scrubbers, separators, dehydrators, etc.
5. Gauges and instruments, including piping, fittings, wiring, etc., and panel boards.
6. Headers.
7. Meters, orifice or positive, including piping and connections.
8. Oil fogging equipment.
9. Odorizing equipment.
10. Regulators or governors, including controls and instruments.
11. Structures of a minor nature or portable type.

### 335 Drilling and cleaning equipment.

This account shall include the cost of implements and equipment used in drilling and cleaning natural gas wells.

ITEMS

1. Bailers.
2. Bits and other drilling tools.
3. Boilers.
4. Derricks.
5. Drilling cables.
6. Drilling machines.
7. Engines.
8. Motors.
9. Pulling machines.
10. Pumps.
11. Rigs.
12. Tanks.

### 336 Purification equipment.

This account shall include the cost installed of apparatus used for the removal of impurities from gas and apparatus for conditioning gas.

ITEMS

1. Condensers and washer coolers.
2. Dehydrators.
3. Foundations and settings, specially constructed for and not intended to outlast the equipment for which provided.
4. Other accessory equipment, such as coolers, spray ponds, pumps, platforms, railings, stairs.
5. Piping, from inlet valve of first piece of apparatus to outlet valve of final piece of apparatus (or, in building, from entrance to building to exit from building).
6. Scrubbers.
7. Sulphur removal apparatus.
8. Water supply system.

NOTE: In general this account shall include all dehydrators located in or adjacent to production areas which are used to remove water and other stray liquids from gas produced by the utility or purchased in or adjacent to production areas. In some instances such dehydrators may be located some distance from the production sources of the gas. Where, however, the utility has no production and gathering facilities with respect to any of the gas passing through the dehydrators, such as at the purchase point at the head of a transmission pipe line company, the dehydrators may be included in account 368, Compressor Station Equipment, or account 367, Mains, whichever is the most practicable and reasonable under the circumstances. Dehydrators which are an adjunct to products extraction operations shall be included in account 342, Extraction and Refining Equipment. Dehydrators used in connection with underground gas storage operations shall be included in account 356, Purification Equipment.

### 337 Other equipment.

This account shall include the cost installed of equipment used in the production and gathering of natural gas, when not assignable to any of the foregoing accounts.

ITEMS

1. Calorimeter.
2. Control installation.
3. Crane.
4. Laboratory equipment.
5. Odorizing unit.
6. Office furniture and equipment.
7. Oil fogger.

### 338 Unsuccessful exploration and development costs.

A. This account shall include unsuccessful exploration and development costs incurred on or related to hydrocarbon leases, on properties in the contiguous 48 States and the State of Alaska, acquired after October 7, 1969. It shall also include costs of a preliminary nature incurred in the search for natural gas in such areas after October 7, 1969.

B. The costs recorded in this account shall be amortized by debiting account 404.1, Amortization and Depletion of Producing Natural Gas Land and Land Rights, and crediting this account using the unit-of-production or other acceptable method of amortization as hydrocarbons are extracted from producing wells.

C. In general, the unamortized costs recorded in this account shall not exceed the net realizable value (estimated selling price less estimated costs of extraction, completion and disposal) of proven hydrocarbon reserves on leases acquired after October 7, 1969. (See "Special Instructions—Costs Related to Leases Acquired After October 7, 1969," above.)

### 340 Land and land rights.

This account shall include the cost of land and land rights used in connection with the processing of natural gas for removal of gasoline, butane, propane, or other salable products. (See gas plant instruction 7.)

### 341 Structures and improvements.

This account shall include the cost of structures and improvements used in connection with the processing of natural gas for removal of gasoline, butane, propane, or other salable products. (See gas plant instruction 8.)

### 342 Extraction and refining equipment.

This account shall include the cost installed of equipment used for the extraction from natural gas of gasoline, butane, propane, or other salable products and for the refining of such products.

ITEMS

1. Boiler plant equipment, including boiler, boiler setting, heat exchangers, etc.
2. Compressed air system, including air compressor, air storage tank, etc.
3. Cooling equipment such as coolers, cooling tower and accessories for gas, extracted products, etc.
4. Cranes, trolleys, and hoists.
5. Electrical system, including generator and driving unit, power lines, transformers switchboard, yard lighting system, etc.
6. Extraction and refining equipment, such as absorbers, reabsorbers, stills, dephlegmators, fractionating towers, stabilizing columns, control apparatus.
7. Foundations and structural supports for equipment items not intended to outlast the equipment for which provided.
8. Fuel regulating and measuring equipment.
9. Gasoline blending equipment including dye pot, educator pumps, lead storage tanks, weighing device, etc.
10. Gauges and instruments.
11. Loading racks and associated other equipment.
12. Lubricating oil system.
13. Pumps of various types, such as boiler feed water pumps, loading and transfer pumps, drip still pumps, oil pumps, skimmer basin pumps, etc.
14. Tanks of various types such as accumulator and dewatering tanks, separator tanks, gasoline feed tanks, compressed air tanks, oil surge tanks, etc., except tanks classifiable as storage equipment, account 344.
15. Water supply system including water well, water tank and supports, water softener or purification apparatus, traveling water screen and drive.
16. Yard piping, gas, water, steam, compressed air, fuel, vapor, extracted products including headers, valves, etc., but not including off-site lines includible in account 343, Pipe Lines.

### 343 Pipe lines.

This account shall include the cost installed of gas and liquids pipe lines used in connection with the processing of natural gas for the removal of gasoline, butane, propane, or other salable products, exclusive of runs of pipe appropriately includible in other equipment accounts, embracing principally off-site gas, gasoline gathering, and loading lines not includible as yard piping in account 342, Extraction and Refining Equipment.

ITEMS

1. Gas lines, off-site, relating solely to extraction operations.
2. Gasoline gathering lines connecting with off-site sources.
3. Gathering line drips.
4. Instruments, indicating and recording.
5. Loading lines connecting with remote off-site loading racks or storage facilities.
6. Pumps and driving units.

### 344 Extracted product storage equipment.

This account shall include the cost installed of storage tanks and associated equipment used in the storing, prior to sale, of gasoline, butane, propane, and other salable products extracted from natural gas.

ITEMS

1. Foundations.
2. Instruments.
3. Regulators.
4. Storage tanks for partially or fully processed products.
5. Valves.

### 345 Compressor equipment.

This account shall include the cost installed of compressor equipment and associated appliances used in connection with the receipt, processing, and return of natural gas processed for removal of gasoline, butane, propane, or other salable products.

ITEMS

(See account 333 for items.)

### 346 Gas measuring and regulating equipment.

This account shall include the cost installed of meters, gauges, and other equipment used in measuring or regulating natural gas received and/or returned from processing for removal of gasoline, butane, propane, or other salable products.

ITEMS

1. Automatic control equipment.
2. Boilers, heaters, etc.
3. Foundations, pits, etc.
4. Gas cleaners, scrubbers, separators, dehydrators, etc.
5. Gauges and instruments, including piping, fittings, wiring, etc., and panel boards.
6. Headers.
7. Meters, orifice or positive, including piping and connections.
8. Oil fogging equipment.
9. Odorizing equipment.
10. Regulators or governors, including controls and instruments.
11. Structures of a minor nature or portable type.

### 347 Other equipment.

This account shall include the cost installed of equipment used in processing natural gas and refining gasoline, butane, propane, and other salable products extracted from natural gas, when not assignable to any of the foregoing accounts.

ITEMS

1. Fire fighting equipment.
2. Laboratory and testing equipment.
3. Miscellaneous equipment, such as first-aid cabinet, gasoline dispensing pump, heating boiler, incinerator, lawn mower, warehouse truck.
4. Office furniture and equipment.
5. Shop tools and equipment.

SPECIAL INSTRUCTIONS—ACCOUNTS 350.1 THROUGH 363.5

The above accounts are to be used by the transmission and distribution companies for the classification of storage facilities used for peak shaving operations. The accounts shall be subdivided to classify the peak shaving storage facilities according to the transmission or distribution function, if the utility operates both transmission and distribution systems. Only base load liquefied natural gas terminaling and processing facilities are to be classified in accounts 364.1 through 364.8.

### 350.1 Land.

This account shall include the cost of lands held in fee on which underground storage wells are located, and other lands held in fee within an area utilized for the underground storage of gas. (See gas plant instruction 7-G.)

### 350.2 Rights-of-way.

This account shall include the cost of all interests in land which do not terminate until more than 1 year after they become effective and on which are located underground storage lines, telephone poles lines, and like property used in connection with underground gas storage operations. (See gas plant instruction 7.)

### 351 Structures and improvements.

A. This account shall include the cost in place of structures and improvements used wholly or predominantly in connection with underground storage of natural gas. (See gas plant instruction 8.)

B. This account shall be subdivided as follows:

351.1 Well structures.
351.2 Compressor station structures.
351.3 Measuring and regulating station structures.
351.4 Other structures.

### 352 Wells.

This account shall include the drilling cost of wells used for injection and withdrawal of gas from underground storage projects, including wells kept open and used for observation.

Items

Drilling:
1. Clearing well site.
2. Hauling, erecting, dismantling, and removing boilers, portable engines, derricks, rigs, and other equipment and tools used in drilling.
3. Drilling contractors' charges.
4. Drive pipe.
5. Fuel or power.
6. Labor.
7. Rent of drilling equipment.
8. Water used in drilling, obtained either by driving wells, piping from springs or streams, or by purchase.
9. Hauling well equipment.
10. Shooting, fracturing, acidizing.

Equipment:
11. Bailing equipment.
12. Boilers and drives permanently connected.
13. Casing.
14. Derrick.
15. Fence, when solely an enclosure for equipment.
16. Fittings, including shut-in valves, bradenheads and casing heads.
17. Packing.
18. Tank, oil or water, etc.
19. Tubing.

### 352.1 Storage leaseholds and rights.

A. This account shall include the cost of leaseholds, storage rights, mineral deeds, etc. on lands for the purpose of utilizing subsurface reservoirs for underground gas storage operations. (See gas plant instruction 7-G.)

B. Exclude from this account rents or other charges paid periodically for use of subsurface reservoirs for underground gas storage purposes.

Note: Items such as buildings, wells, lines, equipment and recoverable gas used in storage operations acquired with land or storage leaseholds and rights are to be classified in the appropriate accounts.

### 352.2 Reservoirs.

This account shall include cost prepare underground reservoirs the storage of natural gas.

Items

1. Geological, geophysical and se costs.
2. Plugging abandoned wells.
3. Fuel and power.
4. Drilling and equipping fresh wells, disposal wells, and solution wells.
5. Leaching of salt dome caverns.
6. Rentals on storage rights and lease curred during construction and developm period.
7. Gas used during the developm period.
8. Costs incident to maintaining coven of production leaseholds during the pe required to convert them to storage lea holds.
9. Other rehabilitation work.

### 352.3 Nonrecoverable natural gas.

A. This account shall include cost of gas in underground reservo including depleted gas or oil fields other underground caverns or re voirs used for the storage of gas wh will not be recoverable.

B. Such nonrecoverable gas shal priced at the acquisition cost of na gas or, when acquired for storage purchase or presumed to be supp from the utility's own product priced as outlined in Paragraph B account 117, Gas Stored Und ground—Noncurrent (for Nonma companies, account 164.1, Gas Sto Underground). After devotion to s age, the cost of the gas shall not be stated to effect subsequent p changes in purchased gas or chan in the cost of gas produced by the u ity. When the utility has followed practice of adjusting nonrecovera gas to the weighted-average cost of purchased or supplied from its o production, cost shall be the weight average cost of such gas at the eff tive date of this account.

### 353 Lines.

This account shall include the installed of gas pipe lines used wh or predominantly for conveying from point of connection with tra mission or field lines to undergrou storage wells and from undergrou storage wells to the point where the gas enters the transmission or distribution system.

ITEMS

1. Cathodic protection equipment.
2. Creek crossings, suspension bridges and other special construction.
3. Lines, including pipe, valves, fittings, and supports.
4. Line drips and separators.
5. Line pack gas.

### 354 Compressor station equipment.

This account shall include the cost installed of compressor station equipment used wholly or predominantly for the purpose of raising the pressure of gas for delivery to underground storage or to raise the pressure of gas withdrawn from underground storage for delivery to the transmission or distribution system.

ITEMS

1. Boiler plant, coal handling and ash handling equipment for steam powered compressor station.
2. Compressed air system equipment.
3. Compressor equipment and driving units, including auxiliaries, foundations, guard rails and enclosures, etc.
4. Electric system equipment, including generating equipment and driving units, power wiring, transformers, regulators, battery equipment, switchboard, etc.
5. Fire fighting equipment.
6. Gas lines and equipment, including fuel supply lines, cooling tower and pond and associated equipment, dehydrators, fuel gas mixers, special pipe bends and connections, and associated scrubbers, separators, tanks, gauges and instruments.
7. Laboratory and testing equipment.
8. Lubricating oil system, including centrifuge, filter, tanks, purifier, and lubricating oil piping, etc.
9. Office furniture and fixtures and general equipment such as steel lockers, first-aid equipment, gasoline dispensing equipment, lawn mowers, incinerators, etc.
10. Shop tools and equipment.
11. Water supply and circulation system, including water well, tank, water piping, cooling tower, spray fence, and water treatment equipment, etc., but not including water system equipment solely for domestic and general use.

### 355 Measuring and regulating equipment.

This account shall include the cost installed if equipment used wholly or predominantly for the purpose of measuring and regulating deliveries of gas to underground storage and withdrawals of gas from underground storage.

ITEMS

1. Automatic control equipment.
2. Boilers, heaters, etc.
3. Foundations, pits, etc.
4. Gas cleaners, scrubbers, separators, dehydrators, etc.
5. Gauges and instruments, including piping, fittings, wiring, etc., and panel boards.
6. Headers.
7. Meters, orifice or positive, including piping and connections.
8. Oil fogging equipment.
9. Odorizing equipment.
10. Regulators or governors, including controls and instruments.
11. Structures of a minor nature or portable type.

### 356 Purification equipment.

This account shall include the cost installed of apparatus used wholly or predominantly for the removal of impurities from and the conditioning of, gas delivered to or removed from underground storage fields.

ITEMS

1. Condensers and washer coolers.
2. Dehydrators.
3. Foundations and settings, specially constructed for and not intended to outlast the equipment for which provided.
4. Other accessory equipment, such as coolers, spray ponds, pumps, platforms, railings, stairs.
5. Piping, from inlet valve of first piece of apparatus to outlet valve of final piece of apparatus (or, in building, from entrance to building to exit from building).
6. Scrubbers.
7. Sulphur removal apparatus.
8. Water supply system.

### 357 Other equipment.

This account shall include the cost installed of equipment used wholly or predominantly in connection with underground storage of gas, when not assignable to any of the foregoing accounts.

ITEMS

1. Calorimeter.
2. Control installation.
3. Crane.
4. Odorizing unit.
5. Office furniture and equipment.
6. Oil foggers.

**360 Land and land rights.**

This account shall include the cost of land and land rights used in connection with the storage of gas in holders. (See gas plant instruction 7.)

**361 Structures and improvements.**

This account shall include the cost in place of structures and improvements used in connection with the storage of gas in holders. (See gas plant instruction 8.)

**362 Gas holders.**

This account shall include the cost installed of holders and associated appliances used in the storage of gas above ground, or in underground receptacles.

Items

1. Alarm systems.
2. Buried piping, tanks or other underground construction for gas storage.
3. Flood and fire control equipment.
4. Foundations.
5. Holder pistons.
6. Holders-waterless, including elevators, tar apparatus, and inlet and outlet connections.
7. Holders-waterseal, including oil skimmer, heating equipment, drips, and inlet and outlet connections.
8. Hortonspheres and high pressure tanks, including inlet and outlet connections, access equipment, etc.
9. Lighting.
10. Pumps.
11. Ventilating equipment.
12. Walkways.

Note A: If the utility stores gas by the liquefaction process the holders for such liquids, whether above or below ground, shall be included in a separate subaccount hereunder.

Note B: Relief holders used in connection with manufactured gas operations shall be included in account 305, Structures and Improvements.

**363 Purification equipment (Major only).**

This account shall include the cost installed of apparatus used for the removal of impurities from gas and apparatus for conditioning gas.

Items

1. Condensers and washer coolers.
2. Dehydrators.
3. Foundations and settings, specially constructed for and not intended to outlast the equipment for which provided.
4. Other accessory equipment, such a coolers, spray ponds, pumps, platforms, railings, stairs.
5. Piping from inlet valve of first piece of apparatus to outlet valve of final piece of apparatus (or, in building from entrance to building to exit from building).
6. Scrubbers.
7. Sulphur removal apparatus.
8. Water supply system.

**363.1 Liquefaction equipment (Major only).**

This account shall include the cost installed of equipment used in liquefaction of natural gas.

Items

1. Cold box.
2. Heat exchanger.
3. Condensers.
4. Pumps.
5. Tanks.

**363.2 Vaporizing equipment (Major only**

This account shall include the cost installed of vaporizing equipment used in connection with liquefied natura gas storage.

**363.3 Compressor equipment (Major only).**

This account shall include the cost installed of compressor equipment and associated appliances used in connection with other storage plant.

**363.4 Measuring and regulating equipment (Major only).**

This account shall include the cost installed of equipment used to measure deliveries of gas to other storage and withdrawals of gas from other storage.

Items

1. Automatic control equipment.
2. Boilers, heaters, etc.
3. Foundations, pits, etc.
4. Gas cleaners, scrubbers, separators, dehydrators, etc.
5. Gauges and instruments, including piping, fittings, wiring, etc., and panelboards.
6. Headers.
7. Meters, orifice or positive, including piping and connections.
8. Oil fogging equipment.
9. Odorizing equipment.
10. Regulators or governors, including controls and instruments.

11. Structures of a minor nature or portable type.

**363.5 Other equipment.**

This account shall include the cost installed of other equipment used in connection with the storage of gas in holders.

ITEMS

1. Complete inlet and outlet connections.
2. Compressor.
3. Foundation.
4. Gauges and instruments.
5. Regulating apparatus.
6. Line pack gas.

**364.1 Land and land rights (Major only).**

A. This account shall include the cost of land and land rights used in connection with liquefied natural gas terminaling and processing operations. (See gas plant instruction 7.)

**364.2 Structures and improvements (Major only).**

A. This account shall include the cost in place of structures and improvements used in connection with liquefied natural gas terminaling and processing operations. (See gas plant instruction 8.)

B. This account shall be subdivided as follows:

1. Docking and harbor facilities.
2. LNG processing terminal structures.
3. Measuring and regulating structures.
4. Compressor station structures.
5. Other structures.

**364.3 LNG processing terminal equipment (Major only).**

This account shall include the cost installed of equipment used to receive, hold, and regasify liquefied natural gas for delivery into the utility's transmission or distribution system.

ITEMS

1. Aftercoolers.
2. Air compressors.
3. Air coolers.
4. Alarm systems.
5. Blowers.
6. Cold box, condensers.
7. Controls and control apparatus.
8. Dikes.
9. Drums.
10. Electrical power and ignition circuits including wiring and conduits.
11. Emission control equipment.
12. Fire control devices and equipment.
13. Foundations.
14. Generators.
15. Heat exchangers.
16. Heaters and reheaters.
17. Instrumentation.
18. Intercoolers.
19. Liquefaction compressors.
20. Liquefied gas holders and storage tanks.
21. Nitrogen system equipment.
22. Plant piping including pipe supports.
23. Pollution control facilities.
24. Pumps and driving units.
25. Stacks.
26. Tanks, other than LNG storage tanks (including ladders, stairs, walkways, and lighting).
27. Unloading and loading arms, and appurtenant equipment.
28. Valves.
29. Vaporizers.
30. Waste heat recovery units.
31. Water craft not to include LNG tankers and barges.
32. Miscellaneous other equipment.
33. Line pack gas.

**364.4 LNG transportation equipment (Major only).**

This account shall include the cost of vehicles used for the transportation of liquefied natural gas.

ITEMS

1. LNG barges.
2. LNG maritime tankers.
3. LNG tank trucks.
4. Other LNG transportation equipment.

**364.5 Measuring and regulating equipment (Major only).**

This account shall include the cost installed of meters, gauges and other equipment used in base load LNG operations for measuring or regulating natural gas prior to its entrance into the utility's transmission or distribution system.

ITEMS

1. Automatic control equipment.
2. Boilers, heaters, etc.
3. Foundation, pits, etc.
4. Gas analyzer equipment.
5. Gas cleaners, scrubbers, separators, dehydrators, etc.
6. Gauges and instruments, including piping, fittings, wiring, etc., and panel boards.
7. Headers.
8. Meters, orifice or positive, including piping and connections.

9. Oil fogging equipment.
10. Odorizing equipment.
11. Regulators or governors, including controls and instruments.
12. Stabilization equipment.
13. Structures of a minor or portable type.
14. Other equipment.

### 364.6 Compressor station equipment (Major only).

This account shall include the cost installed of compressor station equipment and associated appliances used in connection with liquefied natural gas operations prior to entrance of vaporized gas into the utility's transmission or distribution system.

ITEMS

1. Boiler plant, coal handling, and ash handling equipment for steam powered compressor station.
2. Compressed air system equipment.
3. Compressor equipment and driving units, including auxiliaries, foundations, guard rails, and enclosures, etc.
4. Electric system equipment, including generating equipment and driving units, power wiring, transformers, regulators, battery equipment, switchboard, etc.
5. Fire fighting equipment.
6. Gas lines and equipment, including fuel supply lines, cooling tower and pond and associated equipment, dehydrators, fuel gas mixers, special pipebends and connections, and associated scrubbers, separators, tanks, gauges, and instruments.
7. Laboratory and testing equipment.
8. Lubricating oil system, including centrifuge, filter, tanks, purifier, and lubricating oil piping, etc.
9. Office furniture and fixtures and general equipment such as steel lockers, first-aid equipment, gasoline dispensing equipment, lawn mowers, incinerators, etc.
10. Shop tools and equipment.
11. Water supply and circulation system, including water well, tank, water pipeline, cooling tower, spray fence, and water treatment equipment, etc., but not including water system equipment used solely for domestic and general use.
12. Other equipment.

### 364.7 Communication equipment (Major only).

This account shall include the cost installed of radio, telephone, microwave, and other equipment used wholly or predominantly in connection with the operation and maintenance of the liquefied natural gas system. (See also accounts 370 and 397, Communication Equipment.)

ITEMS

1. Carrier terminal equipment including repeaters, power supply equipment, transmitting and receiving sets.
2. Microwave equipment, including power supply equipment, transmitters, amplifiers, paraboloids, towers, reflectors, receiving equipment, etc.
3. Radio equipment, fixed and mobile, including antenna, power equipment, transmitter units.
4. Telephone equipment including switchboards, power and testing equipment, conductors, pole lines, etc.
5. Other equipment.

### 364.8 Other equipment (Major only).

This account shall include the cost installed of equipment used in liquefied natural gas operations, when not assignable to any of the foregoing accounts.

ITEMS

1. Garage and service equipment.
2. General tools, including power operated equipment.
3. Laboratory equipment.
4. Materials handling equipment.
5. Office furniture and equipment.
6. Power generation equipment.
7. Shop equipment.
8. Tools, other than small hand tools.
9. Other equipment.

### 365.1 Land and land rights.

This account shall include the cost of land and land rights except rights-of-way used in connection with transmission operations. (See gas plant instruction 7.)

### 365.2 Rights-of-way.

This account shall include the cost of rights-of-way used in connection with transmission operations. (See gas plant instruction 7.)

### 366 Structures and improvements.

A. This account shall include the cost in place of structures and improvements used in connection with transmission operations. (See gas plant instruction 8.)

B. This account shall be subdivided as follows:

### 366.1 Compressor station structures.

### 366.2 Measuring and regulating station structures.

### 366.3 Other structures.

### 367 Mains.

A. This account shall include the cost installed of transmission system mains.

B. The records supporting this account shall be so kept as to show separately the cost of mains of different sizes and types and of each tunnel, bridge, or river crossing.

ITEMS

1. Anti-freeze lubricating equipment.
2. Automatic valve operating mechanisms, including pressure tanks, etc.
3. By-pass assembly.
4. Caissons, tunnels, trestles, etc., for submarine mains.
5. Cathodic protection equipment.
6. Drip lines and pots.
7. Excavation, including shoring, bracing, bridging, pumping, backfill, and disposal of excess excavated material.
8. Foundations.
9. Gas cleaners, scrubbers, etc. when not part of compressor station or measuring and regulating equipment.
10. Leak clamps. (See gas plant instruction 10-C (1).)
11. Line pack gas.
12. Linewalkers' bridges.
13. Manholes.
14. Municipal inspection.
15. Pavement disturbed, including cutting and replacing pavement, pavement base, and sidewalks.
16. Permits.
17. Pipe coating.
18. Pipe and fittings.
19. Pipe laying.
20. Pipe supports.
21. Protection of street openings.
22. River, highway, and railroad crossings, including revetments, pipe anchors, etc.
23. Valves.
24. Welding.

### 368 Compressor station equipment.

This account shall include the cost installed of compressor station equipment and associated appliances used in connection with transmission system operations.

ITEMS

1. Boiler plant, coal handling and ash handling equipment for steam powered compressor station.
2. Compressed air system equipment.
3. Compressor equipment and driving units, including auxiliaries, foundations, guard rails and enclosures, etc.
4. Electric system equipment, including generating equipment and driving units, power wiring, transformers, regulators, battery equipment, switchboard, etc.
5. Fire fighting equipment.
6. Gas lines and equipment, including fuel supply lines, cooling tower and pond and associated equipment, dehydrators, fuel gas mixers, special pipe bends and connections, and associated scrubbers, separators, tanks, gauges and instruments.
7. Laboratory and testing equipment.
8. Lubricating oil system, including centrifuge, filter, tanks, purifier, and lubricating oil piping, etc.
9. Office furniture and fixtures and general equipment such as steel lockers, first-aid equipment, gasoline dispensing equipment, lawn mowers, incinerators, etc.
10. Shop tools and equipment.
11. Water supply and circulation system, including water well, tank, water piping, cooling tower, spray fence, and water treatment equipment, etc., but not including water system equipment solely for domestic and general use.

### 369 Measuring and regulating station equipment.

This account shall include the cost installed of meters, gauges, and other equipment used in measuring or regulating gas in connection with transmission system operations.

ITEMS

1. Automatic control equipment.
2. Boilers, heaters, etc.
3. Foundations, pits, etc.
4. Gas cleaners, scrubbers, separators, dehydrators, etc.
5. Gauges and instruments, including piping, fittings, wiring, etc., and panel boards.
6. Headers.
7. Meters, orifice or positive, including piping and connections.
8. Oil fogging equipment.
9. Odorizing equipment.
10. Regulators or governors, including controls and instruments.
11. Structures of a minor nature or portable type.

NOTE: Pipeline companies, including companies who measure deliveries of gas to their own distribution system, shall include in the transmission function classification city gate and main line industrial measuring and regulating stations.

### 370 Communication equipment.

This account shall include the cost installed of radio, telephone, microwave, and other equipment used wholly or predominantly in connection with the operation and maintenance of the gas transmission system. (See also account 397, Communication Equipment.)

ITEMS

1. Carrier terminal equipment including repeaters, power supply equipment, transmitting and receiving sets.
2. Microwave equipment, including power supply equipment, transmitters, amplifiers, paraboloids, towers, reflectors, receiving equipment, etc.
3. Radio equipment, fixed and mobile, including antenna, power equipment, transmitters and receivers, and portable receiver-transmitter units.
4. Telephone equipment including switchboards, power and testing equipment, conductors, pole lines, etc.

### 371 Other equipment.

This account shall include the cost installed of equipment used in transmission system operations, when not assignable to any of the foregoing accounts.

### 374 Land and land rights.

This account shall include the cost of land and land rights used in connection with distribution operations. (See gas plant instruction 7.)

### 375 Structures and improvements.

This account shall include the cost in place of structures and improvements used in connection with distribution operations., (See gas plant instruction 8.)

### 376 Mains.

A. This account shall include the cost installed of distribution system mains.

B. The records supporting this account shall be so kept as to show separately the cost of mains of different sizes and types and of each tunnel, bridge, or river crossing.

ITEMS

1. Caissons, tunnels, trestles, etc. for submarine mains.
2. Clamps, leak (bell and spigot) when installed at time of construction; when clamps are installed subsequent to construction, the accounting shall be in accordance with gas plant instruction 10, paragraph (C) 1.
3. Drip lines and pots.
4. Electrolysis tests, in connection with new construction.
5. Excavation, including shoring, bracing, bridging, pumping, backfill, and disposal of excess excavated material.
6. Hauling, unloading, and stringing pipe.
7. Lamping and watching new construction.
8. Line pack gas.
9. Municipal inspection.
10. Pavement disturbed, including cutting and replacing pavement, pavement base and sidewalks.
11. Permits.
12. Pipe coating.
13. Pipe and fittings.
14. Pipe laying.
15. Pipe supports.
16. Protection of street openings.
17. Relocating city storm and sanitary sewers, catch basins, etc., or protecting same in connection with new construction.
18. Replacement of municipal drains and culverts in connection with new construction.
19. Roadway boxes.
20. Shifting excavated material due to traffic conditions in connection with new construction.
21. Sleeves and couplings.
22. Special crossovers, bridges and foundations for special construction.
23. Surveying and staking lines.
24. Valves not associated with pumping or regulating equipment.
25. Welding.
26. Wood blocking.

### 377 Compressor station equipment.

This account shall include the cost installed of compressor station equipment and associated appliances used in connection with distribution system operations.

ITEMS

1. Boiler plant, coal handling and ash handling equipment for steam powered compressor station.
2. Compressed air system equipment.
3. Compressor equipment and driving units, including auxiliaries, foundations, guard rails and enclosures, etc.
4. Electric system equipment, including generating equipment and driving units, power wiring, transformers, regulators, battery equipment, switchboard, etc.
5. Fire fighting equipment.
6. Gas lines and equipment, including fuel supply lines, cooling tower and pond and associated equipment, dehydrators, fuel gas

mixers, special pipe bends and connections, and associated scrubbers, separators, tanks, gauges and instruments.

7. Laboratory and testing equipment.
8. Lubricating oil system, including centrifuge, filter, tanks, purifier, and lubricating oil piping, etc.
9. Office furniture and fixtures and general equipment such as steel lockers, first-aid equipment, gasoline dispensing equipment, lawn mowers, incinerators, etc.
10. Shop tools and equipment.
11. Water supply and circulation system, including water well, tank water piping, cooling tower, spray fence and water treatment equipment, etc., but not including water system equipment solely for domestic and general use.

### 378 Measuring and regulating station equipment—General.

This account shall include the cost installed of meters, gauges and other equipment used in measuring and regulating gas in connection with distribution system operations other than the measurement of gas deliveries to customers.

ITEMS

1. Automatic control equipment.
2. Foundations.
3. Gauges and instruments.
4. Governors or regulators.
5. Meters.
6. Odorizing equipment.
7. Oil fogging equipment.
8. Piping.
9. Pressure relief equipment.
10. Vaults or pits, including valves contained therein.

NOTE: By-passes outside governor pits are includible in account 376, Mains.

### 379 Measuring and regulating station equipment—City gate check stations.

This account shall include the cost installed of meters, gauges, and other equipment used in measuring and regulating the receipt of gas at entry points to distribution systems.

NOTE: Pipeline companies, including companies who measure deliveries of gas to their own distribution system, shall include in the transmission function classification city gate and main line industrial measuring and regulating stations.

ITEMS

(See account 378 for items.)

### 380 Services.

A. This account shall include the cost installed of service pipes and accessories leading to the customers' premises.

B. A complete service begins with the connection on the main and extends to but does not include the connection with the customer's meter. A stub service extends from the main to the property line, or the curb stop.

C. Services which have been used but have become inactive shall be retired from utility plant in service immediately if there is no prospect for reuse, and, in any event, shall be retired by the end of the second year following that during which the service became inactive unless reused in the interim.

ITEMS

1. Curb valves and curb boxes.
2. Excavation, including shoring, bracing, bridging, pumping, backfill, and disposal of excess excavated material.
3. Landscaping, including lawns, and shrubbery.
4. Municipal inspection.
5. Pavement disturbed, including cutting and replacing pavement, pavement base, and sidewalks.
6. Permits.
7. Pipe and fittings, including saddle, T, or other fitting on street main.
8. Pipe coating.
9. Pipe laying.
10. Protection of street openings.
11. Service drips.
12. Service valves, at head of service, when installed or furnished by the utility.

### 381 Meters.

A. This account shall include the cost installed of meters or devices and appurtenances thereto, for use in measuring gas delivered to users, whether actually in service or held in reserve.

B. When a meter is permanently retired from service, the installed cost included herein shall be credited to this account.

C. The records of meters shall be so kept that the utility can furnish information as to the number of meters of each type and capacity in service and in reserve as well as the location of each meter.

Items

1. Meters, including badging and initial testing.

Meter installations:
   2. Cocks.
   3. Labor.
   4. Locks.
   5. Meter bars.
   6. Pipe and fittings.
   7. Seals.
   8. Shelves.
   9. Swivels and bushings.
   10. Transportation.

Note A: At the option of the utility, costs of meter installations may be accounted for separately from the cost of meters in accordance with the provisions of account 382, Meter Installations. The practice of the utility, however, shall be consistent from year to year and throughout the utility's system.

Note B: The cost of removing and resetting meters shall be charged to account 878, Meter and House Regulator Expenses.

### 382 Meter installations.

A. This account shall include the cost of labor and materials used, and expenses incurred in connection with the original installation of customer meters.

B. When a meter installation is permanently retired from service, the cost thereof shall be credited to this account.

Items

1. Cocks.
2. Locks.
3. Labor.
4. Meter bars.
5. Pipe and fittings.
6. Seals.
7. Shelves.
8. Swivels and bushings.
9. Transportation.

Note: At the option of the utility, meter installations may be accounted for as part of the cost installed of meters, in accordance with the provisions of account 381, Meters. The practice of the utility, however, shall be consistent from year to year and throughout the utility's system.

### 383 House regulators.

A. This account shall include the cost installed of house regulators whether actually in service or held in reserve.

B. When a house regulator is permanently retired from service, the installed cost thereof shall be credited to this account.

Items

1. House regulator.

House regulator installations:
   2. Cocks.
   3. Labor.
   4. Locks.
   5. Pipe and fittings.
   6. Regulator vents.
   7. Swivels and bushings.
   8. Transportation.

Note: At the option of the utility, costs of house regulator installations may be accounted for separately from the cost of house regulators in accordance with the provisions of account 384, House Regulator Installations. The practice of the utility, however, shall be consistent from year to year and throughout the utility's system.

### 384 House regulator installations.

A. This account shall include the cost of labor and materials used and expenses incurred in connection with the original installation of house regulators.

B. When a house regulator installation is permanently retired from service, the cost thereof shall be credited to this account.

Items

1. Cocks.
2. Labor.
3. Locks.
4. Pipe and fittings.
5. Regulator vents.
6. Swivels and bushings.
7. Transportation.

Note: At the option of the utility, house regulator installations may be accounted for as part of the cost installed of house regulators in accordance with the provisions of account 383, House Regulators. The practice, however, shall be consistent from year to year and throughout the utility's system.

### 385 Industrial measuring and regulating station equipment.

This account shall include the cost of special and expensive installations of measuring and regulating station equipment, located on the distribution system, serving large industrial customers.

Items

(See account 378 for items.)

Note A: Do not include in this account measuring and regulating station equipment serving main line industrial customers. (See account 369.)

NOTE B: By-passes outside of governor pits are includible in account 376, Mains.

### 386 Other property on customers' premises.

This account shall include the cost, including first setting and connecting, of equipment owned by the utility installed on customer premises which is not includible in other accounts.

### 387 Other equipment.

This account shall include the cost installed of all other distribution system equipment not provided for in the foregoing accounts, including street lighting equipment.

ITEMS

1. Carbon monoxide tester and indicators.
2. Explosimeters.
3. Fire extinguisher.
4. Gas masks.
5. Lockers.
6. Portable pump.
7. Recording gauges.
8. Street lighting equipment.
9. Test meters.
10. Watchmen's clocks.

### 389 Land and land rights.

This account shall include the cost of land and land rights used for utility purposes, the cost of which is not properly includible in other land and land rights accounts. (See gas plant instruction 7.)

### 390 Structures and improvements.

This account shall include the cost in place of structures and improvements used for utility purposes, the cost of which is not properly includible in other structures and improvements accounts. (See gas plant instruction 8.)

### 391 Office furniture and equipment.

This account shall include the cost of office furniture and equipment owned by the utility and devoted to utility service, and not permanently attached to buildings, except the cost of such furniture and equipment which the utility elects to assign to other plant accounts on a functional basis.

ITEMS

1. Book cases and shelves.
2. Desks, chairs, and desk equipment.
3. Drafting-room equipment.
4. Filing, storage and other cabinets.
5. Floor covering.
6. Library and library equipment.
7. Mechanical office equipment such as accounting machines, typewriters, etc.
8. Safes.
9. Tables.

### 392 Transportation equipment.

This account shall include the cost of transportation vehicles used for utility purposes.

ITEMS

1. Airplanes.
2. Automobiles.
3. Bicycles.
4. Electrical vehicles.
5. Motor trucks.
6. Motorcyles.
7. Repair cars or trucks.
8. Tractors and trailers.
9. Other transportation vehicles.

### 393 Stores equipment.

This account shall include the cost of equipment used for the receiving, shipping, handling and storage of materials and supplies.

ITEMS

1. Chain falls.
2. Counters.
3. Cranes (portable).
4. Elevating and stacking equipment (portable).
5. Hoists.
6. Lockers.
7. Scales.
8. Shelving.
9. Storage bins.
10. Trucks, hand and power driven.
11. Wheelbarrows.

### 394 Tools, shop and garage equipment.

This account shall include the cost of tools, implements, and equipment used in construction, repair work, general shops and garages and not specifically provided for or includible in other accounts.

ITEMS

1. Air compressors.
2. Anvils.
3. Automobile repair shop equipment.
4. Battery charging equipment.
5. Belts, shafts and countershafts.

6. Boilers.
7. Cable pulling equipment.
8. Concrete mixers.
9. Derricks.
10. Drill presses.
11. Electric equipment.
12. Engines.
13. Forges.
14. Foundations and settings specially constructed for equipment in this account and not expected to outlast the equipment for which provided.
15. Furnaces.
16. Gas producers.
17. Gasoline pumps, oil pumps, and storage tanks.
18. Greasing tools and equipment.
19. Hoists.
20. Ladders.
21. Lathes.
22. Machine tools.
23. Motor driven tools.
24. Motors.
25. Pipe threading and cutting tools.
26. Pneumatic tools.
27. Pumps.
28. Riveters.
29. Smithing equipment.
30. Tool racks.
31. Vises.
32. Welding apparatus.
33. Work benches.

### 395 Laboratory equipment.

This account shall include the cost installed of laboratory equipment used for general laboratory purposes and not specially provided for or includible in other departmental or functional plant accounts.

ITEMS

1. Balances and scales.
2. Barometers.
3. Calorimeters-bomb, flow, recording types, etc.
4. Electric furnaces.
5. Gas burning equipment.
6. Gauges.
7. Glassware, beakers, burettes, etc.
8. Humidity testing apparatus.
9. Laboratory hoods.
10. Laboratory tables and cabinets.
11. Muffles.
12. Oil analysis apparatus.
13. Piping.
14. Specific gravity apparatus.
15. Standard bottles for meter prover testing.
16. Stills.
17. Sulphur and ammonia apparatus.
18. Tar analysis apparatus.
19. Thermometers—indicating and recording.
20. Any other item of equipment for testing gas, fuel, flue gas, water, residuals, etc.

### 396 Power operated equipment.

This account shall include the cost of power operated equipment used in construction or repair work exclusive of equipment includible in other accounts. Include, also, the tools and accessories acquired for use with such equipment and the vehicle on which such equipment is mounted.

ITEMS

1. Air compressors, including driving unit and vehicle.
2. Back filling machines.
3. Boring machines.
4. Bulldozers.
5. Cranes and hoists.
6. Diggers.
7. Engines.
8. Pile drivers.
9. Pipe cleaning machines.
10. Pipe coating or wrapping machines.
11. Tractors—Crawler type.
12. Trenchers.
13. Other power operated equipment.

NOTE: It is intended that this account include only such large units as are generally self-propelled or mounted on movable equipment.

### 397 Communication equipment.

This account shall include the cost installed of telephone, telegraph and wireless equipment for general use in connection with the utility's gas operations. (See account 370 for communication equipment used wholly or predominantly in connection with operation and maintenance of the transmission system.)

ITEMS

1. Carrier terminal equipment including repeaters, power supply equipment, transmitting and receiving sets.
2. Microwave equipment, including power supply equipment, transmitters, amplifiers, paraboloids, towers, reflectors, receiving equipment, etc.
3. Radio equipment, fixed and mobile, including antenna, power equipment, transmitters and receivers, and portable receiver-transmitter units.
4. Telephone equipment including switchboards, power and testing equipment, conductors, pole lines, etc.

### 398 Miscellaneous equipment.

This account shall include the cost of equipment, apparatus, etc., used and useful in gas operations, which is not includible in any other account.

ITEMS

1. Hospital and infirmary equipment.
2. Kitchen equipment.
3. Operator's cottage furnishings.
4. Radios.
5. Recreation equipment.
6. Restaurant equipment.
7. Soda fountains.
8. Other miscellaneous equipment.

NOTE: Miscellaneous equipment of the nature indicated above wherever practicable shall be assigned to the utility plant accounts on a functional basis.

**399 Other tangible property.**

This account shall include the cost of tangible utility plant not provided for elsewhere.

### Income Chart of Accounts

1. UTILITY OPERATING INCOME

400 Operating revenues.

OPERATING EXPENSES

401 Operation expense.
402 Maintenance expense.
403 Depreciation expense (Major only).
403.1 Depreciation and depletion expense (Nonmajor only).
404 Amortization of limited-term gas plant (Nonmajor only).
404.1 Amortization and depletion of producing natural gas land and land rights (Major only).
404.2 Amortization of underground storage land and land rights (Major only).
404.3 Amortization of other limited-term gas plant (Major only).
405 Amortization of other gas plant.
406 Amortization of gas plant acquisition adjustments.
407.1 Amortization of property losses, unrecovered plant and regulatory study costs.
407.2 Amortization of conversion expense.
408 [Reserved]
408.1 Taxes other than income taxes, utility operating income.
409 [Reserved]
409.1 Income taxes, utility operating income.
410 [Reserved]
410.1 Provision for deferred income taxes, utility operating income.
411 [Reserved]
411.1 Provision for deferred income taxes—Credit, utility operating income.
411.3 [Reserved]
411.4 Investment tax credit adjustments, utility operations.
411.6 Gains from disposition of utility plant.
411.7 Losses from disposition of utility plant. Total utility operating expenses.

OTHER OPERATING INCOME

412 Revenues from gas plant leased to others.
413 Expenses of gas plant leased to others.
414 Other utility operating income. Net utility operating income.

2. OTHER INCOME AND DEDUCTIONS

A. OTHER INCOME

415 Revenues from merchandising, jobbing and contract work.
416 Costs and expenses of merchandising, jobbing and contract work.
417 Revenues from nonutility operations.
417.1 Expenses of nonutility operations.
418 Nonoperating rental income.
418.1 Equity in earnings of subsidiary companies (Major only).
419 Interest and dividend income.
419.1 Allowance for other funds used during construction.
421 Miscellaneous nonoperating income.
421.1 Gain on disposition of property. Total other income.

B. OTHER INCOME DEDUCTIONS

421.2 Loss on disposition of property.
425 Miscellaneous amortization.
426 [Reserved]
426.1 Donations.
426.2 Life insurance.
426.3 Penalties.
426.4 Expenditures for certain civic, political and related activites.
426.5 Other deductions. Total other income deductions. Total other income and deductions.

C. TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS

408.2 Taxes other than income taxes, other income and deductions.
409.2 Income taxes, other income and deductions.
410.2 Provision for deferred income taxes, other income and deductions.
411.2 Provision for deferred income taxes—Credit, other income and deductions.
411.5 Investment tax credit adjustments, nonutility operations.
420 Investment tax credits. Total taxes on other income and deductions. Net other income and deductions.

3. INTEREST CHARGES

427 Interest on long-term debt.
428 Amortization of debt discount and expense.

428.1 Amortization of loss on reacquired debt.
429 Amortization of premium on debt—Credit.
429.1 Amortization of gain on reacquired debt—Credit.
430 Interest on debt to associated companies.
431 Other interest expense.
432 Allowance for borrowed funds used during construction—Credit. Net interest charges.

4. EXTRAORDINARY ITEMS

434 Extraordinary income.
435 Extraordinary deductions.
409.3 Income taxes, extraordinary items. Net income

## Income Accounts

### 400 Operating revenues.

There shall be shown under this caption the total amount included in the gas operating revenue accounts provided herein.

### 401 Operation expense.

There shall be shown under this caption the total amount included in the gas operation expense accounts provided herein. (See note to operating expense instruction 3.)

### 402 Maintenance expense.

There shall be shown under this caption the total amount included in the gas maintenance expense accounts provided herein.

### 403 Depreciation expense (Major only).

A. This account shall include the amount of depreciation expense for all classes of depreciable gas plant in service except such depreciation expense as is chargeable to clearing accounts or to account 416, Costs and Expenses of Merchandising, Jobbing and Contract Work.

B. The utility shall keep such records of property and property retirements as will reflect the service life of property which has been retired and aid in estimating probable service life by mortality, turnover, or other appropriate methods; and also such records as will reflect the percentage of salvage and cost of removal for property retired from each account, or subdivision thereof, for depreciable gas plant.

NOTE A: Depreciation expense applicable to property included in account 104, Gas Plant Leased to Others, shall be charged to account 413, Expenses of Gas Plant Leased to Others.

NOTE B: Depreciation expense applicable to transportation equipment, shop equipment, tools, work equipment, power operated equipment and other general equipment may be charged to clearing accounts as necessary in order to obtain a proper distribution of expenses between construction and operation.

### 403.1 Depreciation and depletion expense (Nonmajor only).

A. This account shall include the amount of depreciation expense for all classes of depreciation gas plant in service except such depreciation expense as is chargeable to clearing accounts or to account 416, Costs and Expenses of Merchandising, Jobbing and Contract Work. It shall also include depletion and amortization expense with respect to producing natural gas lands and land rights.

B. The utility shall keep such records of property and property retirements as will reflect the service life of property which has been retired and also such records as will reflect the percentage of salvage and cost of removal for property retired.

C. The charges to this account for amortization and depletion of producing natural gas land and land rights shall be made in such manner as to distribute the cost of producing natural gas land and land rights over the period of their benefit to the utility, based upon the exhaustion of the natural gas deposits recoverable from such land and land rights.

NOTE A: Depreciation expense applicable to property included in account 104, Gas Plant Leased to Others, shall be charged to account 413, Expenses of Gas Plant Leased to Others.

NOTE B: Depreciation expense applicable to transportation equipment, shop equipment, tools, work equipment, power operated equipment, and other general equipment may be charged to clearing accounts as necessary, in order to obtain a proper distribution of expenses between construction and operation.

**404 Amortization of limited-term gas plant (Nonmajor only).**

This account shall include amortization charges applicable to amounts included in the gas plant accounts for limited-term franchises, licenses, patent rights, limited-term interests in land other than land rights held for the production of natural gas, and expenditures on leased property where the service life of the improvements is terminable by action of the lease. The charges to this account shall be such as to distribute the book cost of each investment as evenly as may be over the period of its benefit to the utility. (See account 110, Accumulated Provision for Depreciation, Depletion, and Amortization of Gas Utility Plant.)

**404.1 Amortization and depletion of producing natural gas land and land rights (Major only).**

A. This account shall include charges for amortization and depletion of producing natural gas land and land rights. (See account 111, Accumulated Provision for Amortization and Depletion of Gas Utility Plant).

B. The charges to this account shall be made in such manner as to distribute the cost of producing natural gas land and land rights over the period of their benefit to the utility, based upon the exhaustion of the natural gas deposits recoverable from such land and land rights.

**404.2 Amortization of underground storage land and land rights (Major only).**

A. This account shall include charges for amortization of land and land rights of underground storage projects for natural gas. (See account 111, Accumulated Provision for Amortization and Depletion of Gas Utility Plant.)

B. The charges to this account shall be made in such manner as to distribute the cost of amortizable land and land rights over the period of their benefit to the utility, and with respect to any land or land rights which include native gas in the storage reservoir, such amounts shall be amortized or depleted on the basis of production of such native gas after the volume of stored gas has been withdrawn from the reservoir.

**404.3 Amortization of other limited-term gas plant (Major only).**

This account shall include amortization charges applicable to amounts included in the gas plant accounts for limited-term franchises, licenses, patent rights limited-term interests in land, and expenditures on leased property where the service life of the improvements is terminable by action of the lease. The charges to this account shall be such as to distribute the book cost of each investment as evenly as may be over the period of its benefit to the utility. (See account 111, Accumulated Provision for Amortization and Depletion of Gas Utility Plant.)

**405 Amortization of other gas plant.**

A. When authorized by the Commission, this account shall include charges for amortization of intangible or other gas utility plant, which does not have a definite or terminable life and which is not subject to charges for depreciation expense.

B. This account shall be supported in such detail as to show the amortization applicable to each investment being amortized, together with the book cost of the investment and the period over which it is being written off.

**406 Amortization of gas plant acquisition adjustments.**

This account shall be debited or credited, as the case may be, with amounts includible in operating expenses, pursuant to approval or order of the Commission, for the purpose of providing for the extinguishment of the amount in account 114, Gas Plant Acquisition Adjustments.

**407.1 Amortization of property losses, unrecovered plant and regulatory study costs.**

This account shall be charged with amounts credited to Account 182.1, Extraordinary Property Losses, and Account 182.2 Unrecovered Plant and Regulatory Study Costs, when the Commission has authorized the amount in the latter account to be amortized by charges to gas operating expenses.

### 407.2 Amortization of conversion expenses.

This account shall be charged with amortization of amounts authorized by the Commission to be included in Account 186, Miscellaneous Deferred Debits, for expenses incurred in the conversion of distribution plant from manufactured gas service to natural gas service.

### 408 [Reserved]

#### Special Instructions

#### *Accounts 408.1 and 408.2*

A. These accounts shall include the amounts of ad valorem, gross revenue or gross receipts, taxes, state unemployment insurance, franchise taxes, federal excise taxes, social security taxes, and all other taxes assessed by federal, state, county, municipal, or other local governmental authorities, except income taxes.

B. These accounts shall be charged in each accounting period with the amounts of taxes which are applicable thereto, with concurrent credits to account 236, Taxes Accrued, or account 165, Prepayments, as appropriate. When it is not possible to determine the exact amounts of taxes, the amounts shall be estimated and adjustments made in current accruals as the actual tax levies become known.

C. The charges to these accounts shall be made or supported so as to show the amount of each tax and the basis upon which each charge is made. In the case of a utility rendering more than one utility service, taxes of the kind includible in these accounts shall be assigned directly to the utility department the operation of which gave rise to the tax in so far as a specific utility department, it shall be distributed among the utility departments or nonutility operations on an equitable basis after appropriate study to determine such basis.

Note A: Special assessments for street and similar improvements shall be included in the appropriate utility plant or nonutility property account.

Note B: Taxes specifically applicable to construction shall be included in the cost of construction.

Note C: Gasoline and other sales taxes shall be charged as far as practicable to the same amount as the materials on which the tax is levied.

Note D: Social security and other forms of so-called payroll taxes shall be distributed to utility departments and to nonutility functions on a basis related to payroll. Amounts applicable to construction shall be charged to the appropriate plant accounts.

Note E: Interest on tax refunds or deficiencies shall not be included in these accounts but in account 419, Interest and Dividend Income, or 431, Other Interest Expense, as appropriate.

### 408.1 Taxes other than income taxes, utility operating income.

This account shall include those taxes other than income taxes which relate to utility operating income This account shall be maintained so as to allow ready identification of the various classes of taxes relating to Utility Operating Income (by department), Utility Plant Leased to Others and Other Utility Operating Income.

### 408.2 Taxes other than income taxes, other income and deductions.

This account shall include those taxes other than income taxes which relate to Other Income and Deductions.

### 409 [Reserved]

#### Special Instructions

#### *Accounts 409.1, 409.2 and 409.3*

A. These accounts shall include the amounts of local, state and federal income taxes on income properly accruable during the period covered by the income statement to meet the actual liability for such taxes. Concurrent credits for the tax accruals shall be made to account 236, Taxes Accrued, and as the exact amounts of taxes become known, the current tax accruals shall be adjusted by charges or credits to these accounts so that these accounts as nearly as can be ascertained shall include the actual taxes payable by the utility.

B. The accruals for income taxes shall be apportioned among utility departments and to Other Income and Deductions so that, as nearly as practicable, each tax shall be included in the expenses of the utility department or Other Income and Deductions, the income from which gave rise to the tax. The tax effects relating to Interest Charges shall be allocated between utility and nonutility operations. The basis for this allocation shall be the ratio of net investment in utility plant to net investment in nonutility plant.

Note A: Taxes assumed by the utility on interest shall be charged to account 431, Other Interest Expense.

Note B: Interest on tax refunds or deficiencies shall not be included in these accounts but in account 419, Interest and Dividend Income, or account 431, Other Interest Expense, as appropriate.

### 409.1 Income taxes, utility operating income.

This account shall include the amount of those local, state and federal income taxes which relate to utility operating income. This account shall be maintained so as to allow ready identification of tax effects (both positive and negative) relating to Utility Operating Income (by department), Utility Plant Leased to Others and Other Utility Operating Income.

### 409.2 Income taxes, other income and deductions.

This account shall include the amount of those local, state and federal income taxes (both positive and negative), which relate to Other Income and Deductions.

### 409.3 Income taxes, extraordinary items.

This account shall include the amount of those local, state and federal income taxes (both positive and negative), which relate to Extraordinary Items.

### 410 [Reserved]

#### SPECIAL INSTRUCTIONS

*Accounts 410.1, 410.2, 411.1 and 411.2*

A. Accounts 410.1 and 410.2 shall be debited, and Accumulated Deferred Income Taxes shall be credited with amounts equal to any current deferrals of taxes on income or any allocations of deferred taxes originating in prior periods, as provided by the texts of accounts 190, 281, 282 and 283. There shall not be netted against entries required to be made to these accounts any credit amounts appropriately includible in accounts 411.1 or 411.2.

B. Accounts 411.1 and 411.2 shall be credited, and Accumulated Deferred Income Taxes shall be debited with amounts equal to any allocations of deferred taxes originating in prior periods or any current deferrals of taxes on income, as provided by the texts of accounts 190, 281, 282, and 283. There shall not be netted against entries required to be made to these accounts any debit amounts appropriately includible in accounts 410.1 or 410.2.

### 410.1 Provision for deferred income taxes, utility operating income.

This account shall include the amounts of those deferrals of taxes and allocations of deferred taxes which relate to Utility Operating Income (by department).

### 410.2 Provision for deferred income taxes, other income and deductions.

This account shall include the amounts of those deferrals of taxes and allocations of deferred taxes which relate to other income and deductions.

### 411 [Reserved]

### 411.1 Provision for deferred income taxes—Credit, utility operating income.

This account shall include the amounts of those allocations of deferred taxes and deferrals of taxes, credit, which relate to Utility Operating Income (by department).

### 411.2 Provision for deferred income taxes—Credit, other income and deductions.

This account shall include the amounts of those allocations of deferred taxes and deferrals of taxes, credit, which relate to Other Income and Deductions.

### 411.3 [Reserved]

#### SPECIAL INSTRUCTIONS

*Accounts 411.4 and 411.5*

A. Account 411.4 shall be debited with the amounts of investment tax credits related to gas utility property that are credited to account 255, Accumulated Deferred Investment Tax Credits, by companies which do not apply the entire amount of the benefits of the investment credit as a reduction of the overall income tax expense in the year in which such credit is realized (see account 255).

B. Account 411.4 shall be credited with the amounts debited to account 255 for proportionate amounts of tax credit deferrals allocated over the average useful life of gas utility property to which the tax credits relate or such lesser period of time as may be adopted and consistently followed by the company.

C. Account 411.5 shall also be debited and credited as directed in paragraphs A and B, for investment tax credits related to nonutility property.

### 411.4 Investment tax credit adjustments, utility operations.

This account shall include the amount of those investment tax credit adjustments related to property used in Utility Operations (by department).

### 411.5 Investment tax credit adjustments, nonutility operations.

This account shall include the amount of those investment tax credit adjustments related to property used in Nonutility Operations.

### 411.6 Gains from disposition of utility plant.

This account shall include, as approved by the Commission, amounts relating to gains from the disposition of future use utility plant including amounts which were previously recorded in and transferred from account 105, Gas Plant Held for Future Use and account 105.1, Production Properties Held for Future Use, under the provisions of paragraphs B, C, and D thereof. Income taxes relating to gains recorded in this account shall be recorded in account 409.1, Income Taxes, Utility Operating Income.

### 411.7 Losses from disposition of utility plant.

This account shall include, as approved by the Commission, amounts relating to losses from the disposition of future use utility plant including amounts which were previously recorded in and transferred from account 105, Gas Plant Held for Future Use and account 105.1, Production Properties Held for Future Use, under the provisions of paragraphs B, C, and D thereof. Income taxes relating to losses recorded in this account shall be recorded in account 409.1, Income Taxes, Utility Operating Income.

### 412 Revenues from gas plant leased to others.

### 413 Expenses of gas plant leased to others.

A. These accounts shall include, respectively, revenues from gas property constituting a distinct operating unit or system leased by the utility to others, and which property is properly includible in account 104, Gas Plant Leased to Others, and the expenses attributable to such property.

B. The detail of expenses shall be kept or supported so as to show separately the following:

Operation.
Maintenance.
Depreciation.
Amortization.

NOTE: Related taxes shall be recorded in account 408.1, Taxes Other Than Income Taxes, Utility Operating Income, or account 409.1, Income Taxes, Utility Operating Income, as appropriate.

### 414 Other utility operating income.

A. This account shall include the revenues received and expenses incurred in connection with the operations of utility plant, the book cost of which is included in account 118, Other Utility Plant.

B. The expenses shall include every element of cost incurred in such operations, including depreciation, rents and insurance.

NOTE: Related taxes shall be recorded in account 408.1, Taxes Other Than Income Taxes, Utility Operating Income, or account 409.1, Income Taxes, Utility Operating Income, as appropriate.

### 415 Revenues from merchandising, jobbing and contract work.

### 416 Costs and expenses of merchandising, jobbing and contract work.

A. These accounts shall include, respectively, all revenues derived from the sale of merchandise and jobbing or contract work, including any profit or commission accruing to the utility on jobbing work performed by it as agent under contracts whereby it does jobbing work for another for a stipulated profit or commission, and all expenses incurred in such activities. Interest related income from installment sales shall be recorded in Account 419, Interest and Dividend Income.

B. Records in support of these accounts shall be so kept as to permit ready summarization of revenues, costs and expenses by such major items as are feasible.

NOTE A: The classification of revenues, costs and expenses of merchandising, jobbing and contract work as nonoperating, and thus inclusion in this account, is for accounting purposes. It does not preclude consideration for justification to the contrary for ratemaking or other purpose.

NOTE B: Related taxes shall be recorded in account 408.2, Taxes Other Than Income Taxes, Other Income and Deductions, or account 409.2, Income Taxes, Other Income and Deductions, as appropriate.

ITEMS

Account 415:

1. Revenues from sale of merchandise and from jobbing and contract work.
2. Discounts and allowances made in settlement of bills for merchandise and jobbing work.

Account 416:

*Labor:*

1. Canvassing and demonstrating appliances in homes and other places for the purpose of selling appliances.
2. Demonstrating and selling activities in sales rooms.
3. Installing appliances on customer premises where such work is done only for purchasers of appliances from the utility.
4. Installing piping or other property work on a jobbing or contract basis.
5. Preparing advertising materials for appliance sales purposes.
6. Receiving and handling customer orders for merchandise or for jobbing services.
7. Cleaning and tidying sales rooms.
8. Maintaining display counters and other equipment used in merchandising.
9. Arranging merchandise in sales rooms and decorating display windows.
10. Reconditioning repossessed appliances.
11. Bookkeeping and other clerical work in connection with merchandise and jobbing activities.
12. Supervising merchandise and jobbing operations.

*Materials and expenses:*

13. Advertising in newspapers, periodicals, radio, television, etc.
14. Cost of merchandise sold and of materials used in jobbing work.
15. Stores expenses on merchandise and jobbing stocks.
16. Fees and expenses of advertising and commercial artists' agencies.
17. Printing booklets, dodgers, and other advertising data.
18. Premiums given as inducement to buy appliances.
19. Light, heat, and power.
20. Depreciation on equipment used primarily for merchandise and jobbing operations.
21. Rent of sales rooms or of equipment.
22. Transportation expense in delivery and pick-up of appliances by utility's facilities or by others.
23. Stationery and office supplies and expenses.
24. Losses from uncollectible merchandise and jobbing accounts.

### 417 Revenues from nonutility operations.

### 417.1 Expenses of nonutility operations.

A. These accounts shall include revenues and expenses applicable to operations which are nonutility in character but nevertheless constitute a distinct operating activity of the enterprise as a whole, such as the operation of an ice department where applicable statutes do not define such operation as a utility, or the operation of a servicing organization for furnishing supervision, management, engineering, and similar services to others.

B. The expenses shall include all elements of costs incurred in such operations, and the accounts snall be maintained so as to permit ready summarization as follows:

Operation.
Maintenance.
Rents.
Depreciation.
Amortization.

NOTE B: Related taxes shall be recorded in account 408.2, Taxes Other Than Income Taxes, Other Income and Deductions, or account 409.2, Income Taxes, Other Income and Deductions, as appropriate

### 418 Nonoperating rental income.

A. This account shall include all rent revenues and related expenses of land, buildings, or other property included in account 121, Nonutility Property, which is not used in operations covered by accounts 417 or 417.1.

B. The expenses shall include all elements of costs incurred in the ownership and rental of property and the accounts shall be maintained so as to permit ready summarization as follows:

Operation.
Maintenance.
Rents.
Depreciation.
Amortization.

NOTE: Related taxes shall be recorded in account 408.2, Taxes Other Than Income

Taxes, Other Income and Deductions, or account 409.2, Income Taxes, Other Income and Deductions, as appropriate.

### 418.1 Equity in earnings of subsidiary companies (Major only).

This account shall include the utility's equity in the earnings or losses of subsidiary companies for the year.

### 419 Interest and dividend income.

A. This account shall include interest revenues on securities, loans, notes, advances, special deposits, tax refunds and all other interest-bearing assets, and dividends on stocks of other companies, whether the securities on which the interest and dividends are received are carried as investments or included in sinking or other special fund accounts.

B. This account may include the pro rata amount necessary to extinguish (during the interval between the date of acquisition and the date of maturity) the difference between the cost to the utility and the face value of interest-bearing securities. Amounts thus credited or charged shall be concurrently included in the accounts in which the securities are carried.

C. Where significant in amount expenses, excluding operating taxes and income taxes, applicable to security investments and to interest and dividend revenues thereon shall be charged hereto.

NOTE A: Related taxes shall be recorded in account 408.2, Taxes Other Than Income Taxes, Other Income and Deductions, or account 409.2, Income Taxes, Other Income and Deductions, as appropriate.

NOTE B: Interest accrued, the payment of which is not reasonably assured, dividends receivable which have not been declared or guaranteed, and interest or dividends upon reacquired securities issued or assumed by the utility shall not be credited to this account.

### 419.1 Allowance for other funds used during construction.

This account shall include concurrent credits for allowance for other funds used during construction, not to exceed amounts computed in accordance with the formula prescribed in Gas Plant Instruction 3(17).

### 420 Investment tax credits.

This account shall be credited as fo lows with investment tax cred amounts not passed on to customers

(a) By amounts equal to debits to ac counts 411.4, Investment Tax Credi Adjustments, Utility Operations, an 411.5, Investment Tax Credit Adjus ments, Nonutility Operations, for in vestment tax credits used in calcula ing income taxes for the year whe the company's accounting provides fo nondeferral of all or a portion of suc credits; and,

(b) By amounts equal to debits to ac count 255, Accumulated Deferred In vestment Tax Credits, for proportio ate amounts of tax credit deferrals a located over the average useful life o the property to which the tax credi relate, or such lesser period of time a may be adopted and consistently use by the company.

### 421 Miscellaneous nonoperating income

This account shall include all reve nue and expense items except taxe properly includible in the income ac count and not provided for elsewher Related taxes shall be recorded in ac count 408.2, Taxes Other Tha Income Taxes, Other Income and De ductions, or account 409.2, Incom Taxes, Other Income and Deduction as appropriate.

ITEMS

1. Profit on sale of timber. (See gas pla instruction 7C.)
2. Profits from operations of others rea ized by the utility under contracts.
3. Gains on disposition of investment Also gains on reacquisition and resale or re tirement of utilities debt securities whe the gain is not amortized and used by a ju risdictional regulatory agency to reduce em bedded debt cost in establishing rates. Se General Instruction 17.

### 421.1 Gain on disposition of property.

This account shall be credited wit the gain on the sale, conveyance, ex change or transfer of utility or othe property to another. Amounts relatin to gains on land and land rights hel for future use recorded in accoun 105, Gas Plant Held for Future Us and 105.1, Production Properties Hel for Future Use (Major only), will b accounted for as prescribed in paragraphs B, C, and D thereof. (See gas plant instructions 5F, 7E, and 10E.) Income taxes on gains recorded in this account shall be recorded in account 409.2, Income Taxes, Other Income and Deductions.

### 421.2 Loss on disposition of property.

This account shall be charged with the loss on the sale, conveyance, exchange or transfer of utility or other property to another. Amounts relating to losses on land and land rights held for future use recorded in accounts 105, Gas Plant Held for Future Use and 105.1, Production Properties Held for Future Use (Major only), will be accounted for as prescribed in paragraphs B, C, and D thereof. (See gas plant instructions 5F, 7E, and 10E.) The reduction in income taxes relating to losses recorded in this account shall be recorded in account 409.2, Income Taxes, Other Income and Deductions.

### 425 Miscellaneous amortization.

This account shall include amortization charges not includible in other accounts which are properly deductible in determining the income of the utility before interest charges. Charges includible herein, if significant in amount, must be in accordance with an orderly and systematic amortization program.

#### ITEMS

1. Amortization of utility plant acquisition adjustments, or of intangibles included in utility plant in service when not authorized to be included in utility operating expenses by the Commission.
2. Other miscellaneous amortization charges allowed to be included in this account by the Commission.

#### SPECIAL INSTRUCTIONS

*Accounts 426.1, 426.2, 426.3, 426.4 and 426.5*

These accounts shall include miscellaneous expense items which are nonoperating in nature but which are properly deductible before determining total income before interest charges.

NOTE: The classification of expenses as nonoperating and their inclusion in these accounts is for accounting purposes. It does not preclude Commission consideration of proof to the contrary for ratemaking or other purposes.

### 426.1 Donations.

This account shall include all payments or donations for charitable, social or community welfare purposes.

### 426.2 Life insurance.

This account shall include all payments for life insurance of officers and employees where company is beneficiary (net premiums less increase in cash surrender value of policies).

### 426.3 Penalties.

This account shall include payments by the company for penalties or fines for violation of any regulatory statutes by the company or its officials.

### 426.4 Expenditures for certain civic, political and related activities.

This account shall include expenditures for the purpose of influencing public opinion with respect to the election or appointment of public officials, referenda, legislation, or ordinances (either with respect to the possible adoption of new referenda, legislation or ordinances or repeal or modification of existing referenda, legislation or ordinances) or approval, modification, or revocation of franchises; or for the purpose of influencing the decisions of public officials, but shall not include such expenditures which are directly related to appearances before regulatory or other governmental bodies in connection with the reporting utility's existing or proposed operations.

### 426.5 Other deductions.

This account shall include other miscellaneous expenses which are nonoperating in nature, but which are properly deductible before determining total income before interest charges.

#### ITEMS

1. Loss relating to investments in securities written-off or written-down.
2. Loss on sale of investments.
3. Loss on reacquisition, resale or retirement of utility's debt securities, when the loss is not amortized and used by a jurisdictional regulatory agency to increase embedded debt cost in establishing rates. See General Instruction 17.
4. Preliminary survey and investigation expenses related to abandoned projects,

when not written-off to the appropriate operating expense account.

5. Costs of preliminary abandonment costs recorded in accounts 182.1, Extraordinary Property Losses, and 182.2, Unrecovered Plant and Regulatory Study Costs, not allowed to be amortized to account 407.1, Amortization of Property Losses, Unrecovered Plant and Regulatory Study Costs.

### 427 Interest on long-term debt.

A. This account shall include the amount of interest on outstanding long-term debt issued or assumed by the utility, the liability for which is included in account 221, Bonds, or account 224, Other Long-Term Debt.

B. This account shall be so kept or supported as to show the interest accruals on each class and series of long-term debt.

NOTE: This account shall not include interest on nominally issued or nominally outstanding long-term debt, including securities assumed.

### 428 Amortization of debt discount and expense.

A. This account shall include the amortization of unamortized debt discount and expense on outstanding long-term debt. Amounts charged to this account shall be credited concurrently to accounts 181, Unamortized Debt Expense, and 226, Unamortized Discount on Long-Term Debt—Debit.

B. This account shall be so kept or supported as to show the debt discount and expense on each class and series of long-term debt.

### 428.1 Amortization of loss on reacquired debt.

A. This account shall include the amortization of the losses on reacquisition of debt. Amounts charged to this account shall be credited concurrently to account 189, Unamortized Loss on Reacquired Debt.

B. This account shall be maintained so as to allow ready identification of the loss amortized applicable to each class and series of long-term debt reacquired. See General Instruction 17.

### 429 Amortization of premium on debt—Credit.

A. This account shall include the amortization of unamortized net premium on outstanding long-term debt. Amounts credited to this account sha
be charged concurrently to accou
225, Unamortized Premium on Long
Term Debt.

B. This account shall be so kept o
supported as to show the premium o
each class and series of long-term
debt.

### 429.1 Amortization of gain on reacquire debt—Credit.

A. This account shall include th
amortization of the gains realize
from reacquisition of debt. Amoun
credited to this account shall b
charged concurrently to account 25
Unamortized Gain on Reacquire
Debt.

B. This account shall be maintaine
so as to allow ready identification o
the gains amortized applicable to eac
class and series of long-term debt rea
quired. See General Instruction 17.

### 430 Interest on debt to associated comp nies.

A. This account shall include inte
est accrued on amounts included in a
count 223, Advances from Associate
Companies, and on all other obliga
tions to associated companies.

B. The records supporting the e
tries to this account shall be so kept a
to show to whom the interest is to b
paid, the period covered by the accru
al, the rate of interest and the princ
pal amount of the advances or othe
obligations on which the interest is a
crued.

### 431 Other interest expense.

This account shall include all inte
est charges not provided for elsewher

ITEMS

1. Interest on notes payable on demand o
maturing one year or less from date and o
open accounts, except notes and accoun
with associated companies.

2. Interest on customers' deposits.

3. Interest on claims and judgments, ta
assessments, and assessments for public im
provements past due.

4. Income and other taxes levied upo
bondholders of utility and assumed by it.

### 432 Allowance for borrowed funds used during construction—Credit.

This account shall include concurrent credits for allowance for borrowed funds used during construction, not to exceed amounts computed in accordance with the formula prescribed in Gas Plant Instruction 3(17).

### 434 Extraordinary income.

This account shall be credited with gains of unusual nature and infrequent occurrence, which would significantly distort the current year's income computed before Extraordinary Items, if reported other than as extraordinary items. Income tax relating to the amounts recorded in this account shall be recorded in account 409.3, Income Taxes, Extraordinary Items. (See General Instruction 7.)

### 435 Extraordinary deductions.

This account shall be debited with losses of unusual nature and infrequent occurrence, which would significantly distort the current year's income computed before Extraordinary Items, if reported other than as extraordinary items. Income tax relating to the amounts recorded in this account shall be recorded in account 409.3, Income Taxes, Extraordinary Items. (See General Instruction 7.)

### Retained Earnings Chart of Accounts

433 Balance transferred from income.
436 Appropriations of retained earnings.
437 Dividends declared—preferred stock.
438 Dividends declared—common stock.
439 Adjustments to retained earnings.

## Retained Earnings Accounts

### 433 Balance transferred from income.

This account shall include the net credit or debit transferred from income for the year.

### 436 Appropriations of retained earnings.

This account shall include appropriations of retained earnings.

ITEMS

1. Appropriations required under terms of mortgages, orders of courts, contracts, or other agreements.
2. Appropriations required by action of regulatory authorities.
3. Other appropriations made at option of utility for specific purposes.

### 437 Dividends declared—preferred stock.

A. This account shall include amounts declared payable out of retained earnings as dividends on actually outstanding preferred or prior lien capital stock issued by the utility.

B. Dividends shall be segregated for each class and series of preferred stock as to those payable in cash, stock and other forms. If not payable in cash, the medium of payment shall be described with sufficient detail to identify it.

### 438 Dividends declared—common stock.

A. This account shall include amounts declared payable out of retained earnings as dividends on actually outstanding common capital stock issued by the utility.

B. Dividends shall be segregated for each class of common stock as to those payable in cash, stock and other forms. If not payable in cash, the medium of payment shall be described with sufficient detail to identify it.

### 439 Adjustments to retained earnings.

A. This account shall, with prior Commission approval, include significant nonrecurring transactions accounted for as prior period adjustments, as follows:

(1) Correction of an error in the financial statements of a prior year.

(2) Adjustments that result from realization of income tax benefits of preacquisition operating loss carryforwards of purchased subsidiaries.

All other items of profit and loss recognized during a year shall be included in the determination of net income for that year.

B. Adjustments, charges, or credits due to losses on reacquisition, resale or retirement of the company's own capital stock shall be included in this account. (See account 210, Gain on Resale or Cancellation of Reacquired Capital Stock, for the treatment of gains.)

### Operating Revenue Chart of Accounts

1. SALES OF GAS

480 Residential sales.

481 Commercial and industrial sales.
482 Other sales to public authorities (Major only).
483 Sales for resale.
484 Interdepartmental sales.
485 Intracompany transfers.

2. OTHER OPERATING REVENUES

487 Forfeited discounts.
488 Miscellaneous service revenues.
489 Revenues from transportation of gas of others.
490 Sales of products extracted from natural gas.
491 Revenues from natural gas processed by others.
492 Incidental gasoline and oil sales.
493 Rent from gas property.
494 Interdepartmental rents.
495 Other gas revenues.
496 Provision for rate refunds.

## Operating Revenue Accounts

### 480 Residential sales.

A. This account shall include the net billing for gas supplied for residential or domestic purposes.

B. Records shall be maintained so that the quantity of gas sold and the revenues received under each rate schedule shall be readily available.

NOTE: When gas supplied through a single meter is used for both residential and commercial purposes, the total revenue shall be included in this account or account 481, Commercial and Industrial Sales, according to the rate schedule which is applied. If the same rate schedules are applicable to both residential and commercial service, classification shall be according to principal use.

### 481 Commercial and industrial sales.

A. This account shall include the net billing for gas supplied to commercial and industrial customers.

B. Records shall be maintained so that the quantity of gas sold and revenue received under each rate schedule shall be readily available.

C. (Major companies) Records shall be maintained so as to show separately the revenues from commercial and industrial customers, as follows:

Large commercial and industrial sales (wherein shall be included the revenues from customers which use large volumes of gas, generally in excess of 200,000 Mcf per year or approximately 800 Mcf per day of normal requirements. Reasonable deviations are permissible in order that transfers of customers between the large and small classifications may be minimized).

Small commercial and industrial sales (wherein shall be included the revenues from customers which use volumes of gas generally less than 200,000 Mcf per year or less than approximately 800 Mcf per day of normal requirements).

NOTE: When gas supplied through a single meter is used for both commercial and residential purposes, the total revenue shall be included in this account or in account 480, Residential Sales, according to the rate schedule which is applied. If the same rate schedules are applicable to both residential and commercial service, classification shall be according to principal use.

### 482 Other sales to public authorities (Major only).

A. This account shall include the net billing for gas supplied to municipalities or divisions or agencies of Federal or State Governments, under special contracts or agreements or service classifications, applicable only to public authorities, for general governmental and institutional purposes, except any revenues under rate schedules the revenues from which are includible in account 481 or 483, and except any revenues from gas used for purposes such as powerplant fuel for publicly owned electric systems, manufacturing processes of arsenals, etc., and other major uses of gas which appropriately may be classified in account 481, Commercial and Industrial Sales.

B. Records shall be maintained so that the quantity of gas sold and the revenue received from each customer and from each major special contract shall be readily available.

### 483 Sales for resale.

A. This account shall include the net billing for gas supplied to other gas utilities or to public authorities for resale purposes.

B. Records shall be maintained so that there shall be readily available the revenues for each customer under each revenue schedule and the billing determinants, as applicable, i.e., volume of gas (actual and billing), contract demand, maximum actual demand, billing demand, and Btu adjustment factor.

NOTE: Revenues from gas supplied to other public utilities for use by them and not for distribution, shall be included in account 481, Commercial and Industrial Sales, unless supplied under the same contract as and not readily separable from revenues includible in this account.

### 484 Interdepartmental sales.

A. This account shall include amounts charged by the gas department at tariff or other specified rates for gas supplied by it to other utility departments.

B. Records shall be maintained so that the quantity of gas supplied each other department and the charge made therefor shall be readily available.

### 485 Intracompany transfers

A. This account shall include, for informational purposes only, the amount recorded for gas supplied by the production division when the price is not determined by a cost-of-service rate proceeding.

B. Records shall be maintained so that the quality of gas transferred shall be readily available.

### 487 Forfeited discounts.

This account shall include the amount of discounts forfeited or additional charges imposed because of the failure of customers to pay gas bills on or before a specified date.

### 488 Miscellaneous service revenues.

This account shall include revenues from all miscellaneous services and charges billed to customers which are not specifically provided for in other accounts.

ITEMS

1. Fees for changing, connecting, or disconnecting service.
2. Profit on maintenance of appliances, piping, gas firing, and other utilization facilities, or other installations on customers' premises.
3. Net credit or debit (cost less net salvage and less payment from customers) on closing work orders for plant installed for temporary service of less than 1 year. (For Major companies, see account 185, Temporary Facilities.)
4. Recovery of expenses in connection with gas diversion cases. (Billing for the gas consumed shall be included in the appropriate gas revenue account.)
5. Services performed for other gas companies for testing and adjusting meters, changing charts, etc.

### 489 Revenues from transportation of gas of others.

This account shall include revenues from transporting gas for other companies through the production, transmission, and distribution lines, or compressor stations of the utility.

### 490 Sales of products extracted from natural gas.

A. This account shall include revenues from sales of gasoline, butane, propane, and other products extracted from natural gas, net of allowances, adjustments, and discounts, including sales of similar products purchased for resale.

B. Records shall be maintained so that the quantity, sales price, and revenues for each type of product sold to each purchaser shall be readily available.

### 491 Revenues from natural gas processed by others.

A. This account shall include revenues from royalties and permits, or other bases of settlement, for permission granted others to remove products from natural gas of the utility.

B. The records supporting this account shall be so maintained that full information concerning determination of the revenues will be readily available concerning each processor of gas of the utility, including as applicable (a) the Mcf of gas and approximate average Btu content thereof per cubic foot delivered to such other party for processing, (b) the Mcf of gas and approximate average Btu content thereof per cubic foot of gas received back from the processor, (c) the field, general production area, or other source of the gas processed, (d) Mcf of gas used for processing fuel, etc., which is chargeable to the utility, (e) total gallons of each product recovered by the processor and the utility's share thereof, (f) the revenues accruing to the utility, and (g) the basis of determination of the revenues accruing to the utility. Such records shall be maintained even though no revenues are derived from the processor.

### 492 Incidental gasoline and oil sales.

This account shall include revenues from natural gas gasoline produced direct from gas wells or recovered from drips or obtained in connection with purification or dehydration processes, and revenues from oil obtained from wells which produce oil and gas, the investment in which is carried in accounts 330, Producing Gas Wells—Well Construction, and 331, Producing Gas Wells—Well Equipment.

### 493 Rent from gas property.

A. This account shall include rents received for the use by others of land, buildings, and other property devoted to gas operations by the utility.

B. When property owned by the utility is operated jointly with others under a definite arrangement for sharing the actual expenses among the parties to the arrangement, any amount received by the utility for interest or return or in reimbursement of taxes or depreciation on the property shall be credited to this account.

NOTE: Do not include rent from property constituting an operating unit or system in this account. (See account 412, Revenues From Gas Plant Leased to Others.)

### 494 Interdepartmental rents.

This account shall include credits for rental charges made against other departments of the utility. In the case of property operated under a definite arrangement to allocate actual costs among the departments using the property, any allowance to the gas department for interest or return and depreciation and taxes shall be credited to this account.

### 495 Other gas revenues.

This account shall include revenues derived from gas operations not includible in any of the foregoing accounts.

ITEMS

1. Commission on sale or distribution of gas of others when sold under rates filed by such others.

2. Compensation for minor or incidental services provided for others such as customer billing, engineering, etc.

3. Profit or loss on sale of material and supplies not ordinarily purchased for resale and not handled through merchandising and jobbing accounts.

4. Sales of steam, water, or electricity, including sales or transfers to other departments of the utility.

5. Service charges for storing gas of others.

6. Miscellaneous royalties received.

7. Revenues from dehydration and other processing of gas of others, except product extraction where products are received as compensation and sales of such are includible in account 490, Sales of Products Extracted From Natural Gas, and except compression of gas of others, revenues from which are includible in account 489, Revenues from Transportation of Gas of Others.

8. Include (Major companies) in a separate subaccount revenues in payment for rights and/or benefits received from others which are realized through research, development and demonstration ventures. In the event the amounts received are so large as to distort revenues for the year in which received (5 percent of net income before application of the benefit) the amounts shall be credited to Account 253, Other Deferred Credits and amortized by credits to this account over a period not to exceed 5 years.

### 496 Provision for rate refunds.

A. This account shall be charged with provisions for the estimated pretax effects on net income of the portions of amounts being collected subject to refund which are estimated to be required to be refunded. Such provisions shall be credited to Account 229, Accumulated Provision for Rate Refunds.

B. This account shall also be charged with amounts refunded when such amounts had not been previously accrued.

C. Income tax effects relating to the amounts recorded in this acccunt shall be recorded in account 410.1, Provision for Deferred Income Taxes, Utility Operating Income, or account 411.1, Provision for Deferred Income Taxes—Credit, Utility Operating Income, as appropriate.

## Operation and Maintenance Expense Chart of Accounts

### 1. PRODUCTION EXPENSES

#### A. MANUFACTURED GAS PRODUCTION

#### *A.1. Steam Production*

Operation

700 Operation supervision and engineering (Major only).
701 Operation labor (Major only).
702 Boiler fuel (Major only).
703 Miscellaneous steam expenses (Major only).
704 Steam transferred—Credit (Major only).

Maintenance

705 Maintenance supervision and engineering (Major only).
706 Maintenance of structures and improvements (Major only).
707 Maintenance of boiler plant equipment (Major only).
708 Maintenance of other steam production plant (Major only).

#### *A.2. Manufactured Gas Production*

Operation

710 Operation supervision and engineering.

PRODUCTION LABOR AND EXPENSES

711 Steam expenses (Major only).
712 Other power expenses (Major only).
713 Coke oven expenses (Major only).
714 Producer gas expenses (Major only).
715 Water gas generating expenses (Major only).
716 Oil gas generating expenses (Major only).
717 Liquefied petroleum gas expenses (Major only).
718 Other process production expenses (Major only).

GAS FUELS

719 Fuel under coke ovens (Major only).
720 Producer gas fuel (Major only).
721 Water gas generator fuel (Major only).
722 Fuel for oil gas (Major only).
723 Fuel for liquefied petroleum gas process (Major only).
724 Other gas fuels (Major only).
724.1 Fuel (Nonmajor only).

GAS RAW MATERIALS

725 Coal carbonized in coke ovens (Major only).
726 Oil for water gas (Major only).
727 Oil for oil gas (Major only).
728 Liquefied petroleum gas (Major only).
729 Raw materials for other gas processes (Major only).
729.1 Raw materials (Nonmajor only).
730 Residuals expenses (Major only).
731 Residuals produced—Credit.
732 Purification expenses (Major only).
733 Gas mixing expenses (Major only).
734 Duplicate charges—Credit (Major only).
735 Miscellaneous production expenses (Major only).
736 Rents.
737 Operation supplies and expenses (Nonmajor only).

Maintenance

740 Maintenance supervision and engineering (Major only).
741 Maintenance of structures and improvements (Major only).
742 Maintenance of production equipment (Major only).
743 Maintenance of production plant (Nonmajor only)

#### B. NATURAL GAS PRODUCTION EXPENSES

#### *B.1. Natural Gas Prodcution and Gathering*

Operation

750 Operation supervision and engineering.
751 Production maps and records (Major only).
752 Gas wells expenses (Major only).
753 Field lines expenses (Major only).
754 Field compressor station expenses (Major only).
755 Field compressor station fuel and power.
756 Field measuring and regulating station expenses (Major only).
757 Purification expenses (Major only).
758 Gas well royalties.
759 Other expenses.
760 Rents.

Maintenance

761 Maintenance supervision and engineering (Major only).
762 Maintenance of structures and improvements (Major only).
763 Maintenance of producing gas wells.
764 Maintenance of field lines.
765 Maintenance of field compressor station equipment (Major only).
766 Maintenance of field measuring and regulating station equipment (Major only).
767 Maintenance of purification equipment (Major only).
768 Maintenance of drilling and cleaning equipment (Major only).
769 Maintenance of other equipment (Major only).
769.1 Maintenance of other plant (Nonmajor only).

### *B.2. Products Extraction*

#### Operation

770 Operation supervision and engineering (Major only).
771 Operation labor (Major only).
772 Gas shrinkage (Major only).
773 Fuel (Major only).
774 Power (Major only).
775 Materials (Major only).
776 Operation supplies and expenses.
777 Gas processed by others (Major only).
778 Royalties on products extracted (Major only).
779 Marketing expenses (Major only).
780 Products purchased for resale (Major only).
781 Variation in products inventory (Major only).
782 Extracted products used by the utility—Credit (Major only).
783 Rents (Major only).

#### Maintenance

784 Maintenance supervision and engineering (Major only).
785 Maintenance of structures and improvements (Major only).
786 Maintenance of extraction and refining equipment (Major only).
787 Maintenance of pipe lines (Major only).
788 Maintenance of extracted products storage equipment (Major only).
789 Maintenance of compressor equipment (Major only).
790 Maintenance of gas measuring and regulating equipment (Major only).
791 Maintenance of other equipment (Major only).
792 Maintenance of products extraction plant (Nonmajor only).

### C. EXPLORATION AND DEVELOPMENT EXPENSES

#### Operation

795 Delay rentals.
796 Nonproductive well drilling.
797 Abandoned leases.
798 Other exploration.

### D. OTHER GAS SUPPLY EXPENSES

#### Operation

799 Natural gas purchases (Nonmajor only).
800 Natural gas well head purchases (Major only).
800.1 Natural gas well head purchases, intracompany transfers.
801 Natural gas field line purchases (Major only).
802 Natural gas gasoline plant outlet purchases (Major only).
803 Natural gas transmission line purchases (Major only).
804 Natural gas city gate purchases (Ma only).
804.1 Liquefied natural gas purchas (Major only).
805 Other gas purchases.
805.1 Purchased gas cost adjustments.
806 Exchange gas (Major only).
807 Purchased gas expenses.
808.1 Gas withdrawn from storage—Debt.
808.2 Gas delivered to storage—Credit.
809.1 Withdrawals of liquefied natural ga held for processing—Debt (Major only
809.2 Deliveries of natural gas for proces ing—Credit (Major only).
810 Gas used for compressor station fuel—Credit (Major only).
811 Gas used for products extraction—Credit.
812 Gas used for other utility operations—Credit.
812.1 Gas used in utility operations—cred (Nonmajor only).
813 Other gas supply expenses.

## 2. NATURAL GAS STORAGE, TERMINALING AN PROCESSING EXPENSES

### A. UNDERGROUND STORAGE EXPENSES

814 Operation supervision and engineerin
815 Maps and records (Major only).
816 Wells expenses (Major only).
817 Lines expenses (Major only).
818 Compressor station expenses (Ma only).
819 Compressor station fuel and pow (Major only).
820 Measuring and regulating station e penses (Major only).
821 Purification expenses (Major only).
822 Exploration and development (Ma only).
823 Gas losses (Major only).
824 Other expenses.
825 Storage well royalties.
826 Rents.
827 Operation supplies and expenses (No major only).

#### Maintenance

830 Maintenance supervision and enginee ing (Major only).
831 Maintenance of structures and im provements (Major only).
832 Maintenance of reservoirs and wells.
833 Maintenance of lines (Major only).
834 Maintenance of compressor statio equipment (Major only).
835 Maintenance of measuring and reg lating station equipment (Major only).
836 Maintenance of purification equi ment (Major only).
837 Maintenance of other equipme (Major only).
838 Maintenance of other undergrou storage plant (Nonmajor only).

839 Maintenance of local storage plant (Nonmajor only).

### B. OTHER STORAGE EXPENSES

### Operation

840 Operation supervision and engineering (Major only).
841 Operation labor and expenses (Major only).
842 Rents (Major only).
842.1 Fuel (Major only).
842.2 Power (Major only).
842.3 Gas losses (Major only).

### Maintenance

843.1 Maintenance supervision and engineering (Major only).
843.2 Maintenance of structures and improvements (Major only).
843.3 Maintenance of gas holders (Major only).
843.4 Maintenance of purification equipment (Major only).
843.5 Maintenance of liquefaction equipment (Major only).
843.6 Maintenance of vaporizing equipment (Major only).
843.7 Maintenance of compressor equipment (Major only).
843.8 Maintenance of measuring and regulating equipment (Major only).
843.9 Maintenance of other equipment (Major only).

### C. LIQUEFIED NATURAL GAS TERMINALING AND PROCESSING EXPENSES

### Operation

844.1 Operation supervision and engineering (Major only).
844.2 LNG processing terminal labor and expenses (Major only).
844.3 Liquefaction processing labor and expenses (Major only).
844.4 LNG transportation labor and expenses (Major only).
844.5 Measuring and regulating labor and expenses (Major only).
844.6 Compressor station labor and expenses (Major only).
844.7 Communication system expenses (Major only).
844.8 System control and load dispatching (Major only).
845.1 Fuel (Major only).
845.2 Power (Major only).
845.3 Rents (Major only).
845.4 Demurrage charges (Major only).
845.5 Wharfage receipts—credit (Major only).
845.6 Processing liquefied or vaporized gas by others (Major only).
846.1 Gas losses (Major only).
846.2 Other expenses (Major only).

### Maintenance

847.1 Maintenance supervision and engineering (Major only).
847.2 Maintenance of structures and improvements (Major only).
847.3 Maintenance of LNG processing terminal equipment (Major only).
847.4 Maintenance of LNG transportation equipment (Major only).
847.5 Maintenance of measuring and regulating equipment (Major only).
847.6 Maintenance of compressor station equipment (Major only).
847.7 Maintenance of communication equipment (Major only).
847.8 Maintenance of other equipment (Major only).

### 3. TRANSMISSION EXPENSES

### Operation

850 Operation supervision and engineering.
851 System control and load dispatching (Major only).
852 Communication system expenses (Major only).
853 Compressor station labor and expenses (Major only).
853.1 Compressor station fuel and power (Nonmajor only).
854 Gas for compressor station fuel (Major only).
855 Other fuel and power for compressor stations (Major only).
856 Mains expenses (Major only).
857 Measuring and regulating station expenses (Major only).
857.1 Operation supplies and expenses (Nonmajor only).
858 Transmission and compression of gas by others.
859 Other expenses (Major only).
860 Rents.

### Maintenance

861 Maintenance supervision and engineering (Major only).
862 Maintenance of structures and improvements (Major only).
863 Maintenance of mains.
864 Maintenance of compressor station equipment.
865 Maintenance of measuring and regulating station equipment (Major only).
866 Maintenance of communication equipment (Major only).
867 Maintenance of other equipment (Major only).
868 Maintenance of other plant (Nonmajor only).
870 Operation supervision and engineering.

### 4. DISTRIBUTION EXPENSES

#### Operation

871 Distribution load dispatching (Major only).

872 Compressor station labor and expenses (Major only).

873 Compressor station fuel and power (Major only).

874 Mains and services expenses.

875 Measuring and regulating station expenses—General (Major only).

876 Measuring and regulating station expenses—Industrial (Major only).

877 Measuring and regulating station expenses—City gate check stations (Major only).

878 Meter and house regulator expenses.

879 Customer installations expenses.

880 Other expenses (Major only).

880.1 Miscellaneous distribution expenses (Nonmajor only).

881 Rents.

#### Maintenance

885 Maintenance supervision and engineering (Major only).

886 Maintenance of structures and improvements (Major only).

887 Maintenance of mains (Major only).

888 Maintenance of compressor station equipment (Major only).

889 Maintenance of measuring and regulating station equipment—General (Major only).

890 Maintenance of measuring and regulating station equipment—Industrial (Major only).

891 Maintenance of measuring and regulating station equipment—City gate check stations (Major only).

892 Maintenance of services (Major only).

892.1 Maintenance of lines (Nonmajor only).

893 Maintenance of meters and house regulators.

894 Maintenance of other equipment (Major only).

895 Maintenance of other plant (Nonmajor only).

### 5. CUSTOMER ACCOUNTS EXPENSES

#### Operation

901 Supervision (Major only).

902 Meter reading expenses.

903 Customer records and collection expenses.

904 Uncollectible accounts.

905 Miscellaneous customer accounts expenses (Major only).

### 6. CUSTOMER SERVICE AND INFORMATIONA EXPENSES

#### Operation

906 Customer service and informatio expenses (Nonmajor only).

907 Supervision (Major only).

908 Customer assistance expenses (Ma only).

909 Informational and instructional adv tising expenses (Major only).

910 Miscellaneous customer service and formational expenses (Major only).

### 7. SALES EXPENSES

#### Operation

911 Supervision (Major only).

912 Demonstrating and selling expens (Major only).

913 Advertising expenses (Major only).

914 [Reserved]

915 [Reserved]

916 Miscellaneous sales expenses (Ma only).

917 Sales expenses (Nonmajor only).

### 8. ADMINISTRATIVE AND GENERAL EXPENSE

#### Operation

920 Administrative and general salaries.

921 Office supplies and expenses.

922 Administrative expenses transferre-Credit.

923 Outside services employed.

924 Property insurance.

925 Injuries and damages.

926 Employee pensions and benefits.

927 Franchise requirements.

928 Regulatory commission expenses.

929 Duplicate charges—Credit.

930.1 General advertising expenses.

930.2 Miscellaneous general expenses.

931 Rents.

#### Maintenance

933 Transportation expenses (Nonma only).

935 Maintenance of general plant.

## Operation and Maintenance Expens Accounts

**700 Operation supervision and engineer ing (Major only).**

This account shall include the cos of labor and expenses incurred in th general supervision and direction o the operation of steam productio (See operating expense instruction

### 701 Operation labor (Major only).

This account shall include the cost of labor used in boiler rooms and elsewhere about the premises engaged in the production of steam or assignable to the production of steam.

ITEMS

1. Blowing flues.
2. Cleaning boilers.
3. Handling coal, coke, and breeze from place of storage to boilers.
4. Janitorial, messenger, watchmen and similar services.
5. Operating boilers.
6. Operating elevators.
7. Pulverizing coal.
8. Pumping tar from storage tank to boilers.
9. Removing ashes.
10. Testing steam meters, gauges and other instruments.

### 702 Boiler fuel (Major only).

A. This account shall include the cost of coal, oil, gas, or other fuel used in the production of steam, including applicable amounts of fuel stock expenses. It shall also include the net cost of, or the net amount realized from, the disposal of ashes.

B. Records shall be maintained to show the quantity and cost of each type of fuel used. Respective amounts of fuel stock and fuel stock expenses shall be readily available.

NOTE: The cost of fuel, except gas, and related fuel stock expenses, shall be charged initially to appropriate fuel accounts carried under accounts 151, Fuel Stock, and 152, Fuel Stock Expenses Undistributed, and cleared to this account on the basis of fuel used. See accounts 151 and 152 for basis of fuel costs and includible items of fuel stock expenses.

### 703 Miscellaneous steam expenses (Major only).

This account shall include the cost of materials used and expenses incurred in the production of steam, not includible in the foregoing accounts.

ITEMS

1. Boiler compounds.
2. Building service expenses.
3. Chemicals.
4. Communication service.
5. Lubricants.
6. Miscellaneous supplies.
7. Pumping supplies and expenses.
8. Purification supplies and expenses.
9. Tools, hand.
10. Waste.
11. Water purchased.
12. Research, development, and demonstration expenses.

### 704 Steam transferred—Credit (Major only).

A. This account shall include such portion of the cost of producing steam as is charged to other gas operating expense accounts, or to others or to a coordinate department under a joint facility arrangement.

B. The records supporting the entries to this account shall be so kept that the utility can furnish readily an explanation of the bases of the credits to this account and the amounts charged to (1) other gas accounts, (2) other utility departments, and (3) outside parties under a joint facility arrangement. The records shall show, likewise, the amounts of steam production operation and steam production maintenance expenses, respectively, chargeable to each of the foregoing.

NOTE A: If the utility produces gas by a single process at only one plant, credits need not be made to this account for the cost of steam used in such gas production facility.

NOTE B: Where steam is produced by producer gas equipment or waste heat boilers, and such steam becomes part of the general plant supply, this account should be charged and the steam expense account in the appropriate functional group of accounts (coal gas production, water gas production, etc.) credited with the value of such steam. However, if the steam so produced is used in the same functional operation as that through which derived, such entries need not be made.

### 705 Maintenance supervision and engineering (Major only).

This account shall include the cost of labor and expenses incurred in the general supervision and direction of maintenance of steam production facilities. Direct field supervision of specific jobs shall be charged to the appropriate maintenance accounts. (See operating expense instruction 1.)

### 706 Maintenance of structures and improvements (Major only).

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of structures and improvements used in steam production operations, the book cost of which is includible in account 305, Structures and Improvements. (See operating expense instruction 2.)

### 707 Maintenance of boiler plant equipment (Major only).

This account shall indicate the cost of labor, materials used and expenses incurred in the maintenance of equipment used in steam production the book cost of which is includible in account 306, Boiler Plant Equipment. (See operating expense instruction 2.)

### 708 Maintenance of other steam production plant (Major only).

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment used in steam production operations, the book cost of which is includible in account 314, Coal, Coke, and Ash Handling Equipment, or account 320, Other Equipment. (See operating expense instruction 2.)

### 710 Operation supervision and engineering.

A. For Major companies, this account shall include the cost of labor and expenses occurred in the general supervision and direction of the operation of manufactured gas stations. Direct supervision of specific activities such as steam production and power operations, coke oven operations, water gas generation, etc., shall be charged to the appropriate account. (See operating expense instruction 1.)

B. For Nonmajor companies, this account shall include the cost of supervision and labor in the operation of manufactured gas production plants.

ITEMS (NONMAJOR ONLY)

1. Supervising.
2. Operating or attending equipment and controls including boiler plant, power equipment and other auxiliaries.
3. Cleaning, lubricating and oiling equipment and auxiliaries.
4. Loading and unloading and other handling of coal, coke, other fuels, raw materials, residuals, waste materials, etc.
5. Observing, testing, checking and adjusting meters, gauges, and other instruments and equipment.
6. Keeping plant logs and other records and preparing reports on plant operation.
7. Cleaning boiler room, other buildings and yards.
8. Repacking glands and replacing gauge glasses and other similar work if work is of a minor nature and performed by regular operating crews. Where work is of a major character, such as that performed on high pressure boilers, the word shall be considered maintenance.
9. Testing water, etc.
10. Janitorial, messenger, watchman and similar services.
11. Clerical and stenographic work at plant.

### 711 Steam expenses (Major only).

A. This account shall include the cost of steam used in manufactured gas production. This includes the cost of steam transferred from the gas department's own supply and charges for steam transferred from others or from coordinate departments under joint facility arrangements. (See account 704, Steam Transferred—Credit.)

B. This account shall be so kept as to show separately for each source of steam the point of delivery, the quantity, the charges therefor, and the bases of such charges.

### 712 Other power expenses (Major only).

This account shall include the cost of electricity or other power, except steam, used in manufactured gas operation. This includes the cost of power purchased, the operation cost of electricity or other power such as compressed air produced by the gas department and charges from others or from coordinate departments for power produced under joint facility arrangements.

### 713 Coke oven expenses (Major only).

This account shall include the cost of labor used and expenses incurred in the operation of coke ovens for the production of coal gas, exclusive of the cost of fuel for the coke ovens and coal carbonized.

ITEMS

*Labor:*

1. Supervising.
2. Work of the following character in operation of coke ovens:
   a. Charging and leveling coal.
   b. Heating ovens to produce coke.

c. Pushing, transporting, quenching, and dumping coke on wharf.

d. Reclaiming coke spillage, removing, replacing, and luting oven doors and lids.

e. Handling and mixing luting mud.

f. Controlling oven heats and gas heating value with dilution gas.

g. Controlling flue temperature, stack drafts, collecting main pressure and the flow of flushing liquor and drains.

h. Operating, cleaning, and lubricating equipment not incidental to maintenance work, such as: charger, pusher, door operating and luting, mud mixing, gas reversal, transportation machinery and equipment, quenching pumps and tower, together with valves, instruments, meters, controls, gauges, and records connected with their operation.

i. Tar chasing (spooning tar in hot drains.)

j. Cleaning doors, jambs, and stand pipes.

3. Handling and transporting coal from storage or boats to battery bins.

4. Operating, cleaning and lubricating mechanical equipment, such as: hoist machines, conveyors and their housing, hammermills and breakers, mixing and battery bins, together with their control valves, instruments, etc.

5. Wetting and handling coke to the coke wharf or storage including cleaning and lubricating of equipment not incident to maintenance.

6. Pumping gas from ovens and maintaining the proper pressures on the collecting main and throughout the apparatus train, including cleaning and lubricating the oven gas exhausters and revivifying blowers, not incident to maintenance.

7. Removing and disposing of carbon, fines, sediment, and waste material.

8. Cleaning ovens and exhauster house, including janitor service in the employees' locker and wash room within this operating area.

*Materials and expenses:*

9. Packing, waste, lubricants, etc.

10. Small hand tools.

11. Building service, communication service, transportation.

### 714 Producer gas expenses (Major only).

This account shall include the cost of labor used and expenses incurred in making producer gas exclusive of the cost of fuel for producer gas.

#### ITEMS

*Labor:*

1. Supervising.

2. Work of the following character in connection with operation of producer gas sets (excepting the waste heat boiler and auxiliaries):

a. Inspecting, testing, clinkering, lighting and starting set.

b. Controlling fire and heats with fuel charges.

c. Barring, measuring, and rodding fires.

d. Observing pyrometers, pressures and $CO_2$ in stack gases.

e. Regulating input materials, such as coke, steam and air and making required flow rate and operating cycle changes.

f. Cleaning and removal of ash, dust, sediment and materials from the set and connections, seal pots, duct pockets, bootlegs, collectors and pumps.

g. Cleaning and reluting producer set doors.

h. Operating, cleaning and lubricating fuel charging lorries, grates, jackets and auxiliaries, ash removal apparatus, and associated instruments, meters, gauges, controls, etc.

3. Handling fuel from storage into bins with conveyors.

4. Operating, cleaning and lubricating auxiliary equipment, not incident to maintenance work, such as coolers, pumps, blowers, exhausters or boosters, fuel handling equipment, etc.

5. Removing and disposing of ashes, sediment and other waste material.

6. Cleaning the producer and booster houses including janitorial and similar services.

*Materials and expenses:*

7. Packing, waste, lubricants, etc.

8. Small hand tools.

9. Building service, communication service, transportation.

### 715 Water gas generating expenses (Major only).

This account shall include the cost of labor used and expenses incurred in the operation of water gas sets exclusive of the cost of fuel and oil for water gas production.

#### ITEMS

*Labor:*

1. Supervising.

2. Work of the following character in connection with the operation of water gas sets (excepting the waste heat boiler and auxiliaries):

a. Inspecting, testing, clinkering, lighting and starting up.

b. Controlling fire and heats with fuel charges, barring and rodding fires, operating grates and jackets, taking stains, observing pyrometers, pressures, seal pot water flow and stack gases, regulating input materials such as coke, oil, natural gas, steam and air.

c. Making required flow rate and operating cycle changes.

d. Cleaning and removing ashes, carbon, and sediment from the set and connections, the wash box, seal pot, oil spray, duct pockets, bootlegs, and collectors, and cleaning and reluting producer set doors.

e. Operating, cleaning and lubricating fuel charging lorries, blowers, valves, automatic operators, and grates, together with their instruments, gauges, and controls, also the ash belts.

3. Operating, cleaning and lubricating auxiliary equipment, such as hydraulic pumps, circulating water pumps, oil pumps from storage to sets, steam accumulators and regulators and reducers on natural gas for reforming, exhausters, revivifying air blowers, and purifier exhausters.

4. Handling fuel from storage into bins with conveyors.

5. Removing and disposing of ashes, carbon, sediment, and other waste material.

6. Cleaning of generator and exhauster houses, including janitorial and similar services.

*Materials and expenses:*

7. Packing, waste, lubricants, etc.

8. Small hand tools.

9. Building service, communication service, transportation.

### 716 Oil gas generating expenses (Major only).

This account shall include the cost of labor used and expenses incurred in the operation of equipment for the production of oil gas exclusive of cost of the oil.

ITEMS

*Labor:*

1. Supervising.

2. Cleaning, firing and operating oil gas machines.

3. Handling oil from place of storage to oil gas sets.

4. Measuring oil.

5. Removing and disposing of carbon deposits, and other cleaning and incidental labor.

*Materials and expenses:*

6. Packing, waste, lubricants, etc.

7. Small hand tools.

8. Building service, communication service, transportation.

### 717 Liquefied petroleum gas expenses (Major only).

This account shall include the cost of labor used and expenses incurred in the operation of equipment used for vaporizing petroleum derivatives such as propane, butane or gasoline exclusive of cost of the materials vaporized or used for fuel in the vaporizing pr ess.

ITEMS

*Labor:*

1. Supervising.

2. Operating, cleaning and lubricat liquid petroleum vaporizers and injectors.

3. Taking pressures and temperatures, a reading gauges on storage tanks.

4. Inspecting and testing equipment a setting and adjusting controls and regu tors.

5. Watching pressure gauges, maintain pressures and relieving excess pressur through lines.

6. Repressuring storage tanks.

*Materials and expenses:*

7. Packing, waste, lubricants, etc.

8. Small hand tools.

9. Building service, communication servi transportation.

### 718 Other process production expen (Major only).

This account shall include the co of labor used and expenses incurred operating equipment used for the pr duction of gas by processes not provi ed for in the foregoing accounts.

### 719 Fuel under coke ovens (Major only

A. This account shall include th cost of gas, other than coke oven g or producer gas, or other fuel us under coke ovens for making coal g Concurrent credits shall be made account 734, Duplicate Charges— Credit, for gas made by the utility a so used, or account 812, Gas Used f Other Utility Operations—Credit, f other gas used under coke ovens.

B. Records shall be kept to show th quantity and cost of each type of fu used and fuel handling expenses.

ITEMS

1. Gas made by the utility and used und coke ovens.

2. Natural and other purchased gas u under coke ovens.

### 720 Producer gas fuel (Major only).

A. This account shall include th cost of fuel used in making produc gas including applicable amounts fuel stock expenses. It shall also clude the net cost of, or the n amount realized from, the disposal ashes.

B. Records shall be kept to show the quantity and the cost of each type of fuel used. Respective amounts of fuel stock and fuel stock expenses shall be readily available.

NOTE: The cost of fuel and related fuel stock expenses shall be charged initially to the appropriate fuel account carried under accounts 151, Fuel Stock, and 152, Fuel Stock Expenses Undistributed, and cleared to this account on the basis of fuel used. See accounts 151 and 152 for basis of fuel costs and includible items of fuel stock expenses.

### 721 Water gas generator fuel (Major only).

A. This account shall include the cost of fuel used in making water gas, including applicable amounts of fuel stock expenses. It shall also include the net cost of, or net proceeds from, the disposal of ashes.

B. Records shall be kept to show the quantity and cost of each type of fuel used. Respective amounts of fuel stock and fuel stock expenses shall be readily available.

NOTE: The cost of fuel and related fuel stock expenses shall be charged initially to the appropriate fuel account carried under accounts 151, Fuel Stock, and 152, Fuel Stock Expenses Undistributed, and cleared to this account on the basis of fuel used. See accounts 151 and 152 for basis of fuel costs and includible items of fuel stock expenses.

### 722 Fuel for oil gas (Major only).

This account shall include the cost of fuel for the manufacture of gas by the oil gas process.

### 723 Fuel for liquefied petroleum gas process (Major only).

This account shall include the cost of fuel for vaporization of liquefied petroleum gas and for the compression of air in liquefied petroleum gas process.

### 724 Other gas fuels (Major only).

This account shall include the cost of fuel for the manufacture of gas by processes not provided for in the above fuel accounts.

### 724 Fuel (Nonmajor only).

A. This account shall include the cost, delivered alongside works, of coal, oil, gas, or other fuel used in manufactured gas processes, and for making steam or generating electricity. It shall also include the net cost of, or the amount realized from, the disposal of ashes. (See account 154, Materials and Supplies.)

B. Records shall be maintained to show the quantity and cost of each type of fuel used.

### 725 Coal carbonized in coke ovens (Major only).

A. This account shall include the cost of coal used in coke ovens for making coal gas, including applicable amounts of fuel stock expenses.

B. Records shall be kept to show the type, quantity, and cost of coal used. Respective amounts of fuel stock and fuel stock expenses shall be readily available.

NOTE: The cost of coal carbonized and related fuel stock expenses shall be charged initially to the appropriate account carried under accounts 151, Fuel Stock, and 152, Fuel Stock Expenses Undistributed, and cleared to this account on the basis of coal used. See accounts 151 and 152 for basis of costs and includible items of fuel stock expenses.

### 726 Oil for water gas (Major only).

A. This account shall include the cost of oil used in carbureting water gas, including applicable amounts of fuel stock expenses.

B. Records shall be kept to show the type, quantity, and cost of oil used. Respective amounts of fuel stock and fuel stock expenses shall be readily available.

NOTE: The cost of oil and related fuel stock expenses shall be charged initially to the appropriate accounts carried under accounts 151, Fuel Stock, and 152, Fuel Stock Expenses Undistributed, and cleared to this account on the basis of oil used. See accounts 151 and 152 for basis of costs and includible items of fuel stock expenses.

### 727 Oil for oil gas (Major only).

A. This account shall include the cost of oil used in making oil gas, including applicable amounts of fuel stock expenses.

B. Records shall be kept to show the type, quantity, and cost of oil used. Respective amounts of fuel stock and fuel stock expenses shall be readily available.

NOTE: The cost of oil and related fuel stock expenses shall be charged initially to the appropriate raw materials account carried under accounts 151, Fuel Stock, and 152, Fuel Stock Expenses Undistributed, and cleared to this account on the basis of oil used. See accounts 151 and 152 for basis of costs and includible items of fuel stock expenses.

**728 Liquefied petroleum gas (Major only).**

A. This account shall include the cost of liquefied petroleum gas, such as propane, butane, or gasoline, vaporized for mixing with other gases or for sale unmixed, including applicable amounts of fuel stock expenses.

B. Records shall be kept to show the type, quantity, and cost of liquefied petroleum gas. Respective amounts of fuel stock and fuel stock expenses shall be readily available.

NOTE: The cost of liquefied petroleum gas and related fuel stock expenses shall be charged initially to the appropriate accounts under accounts 151, Fuel Stock, and 152, Fuel Stock Expenses Undistributed, and cleared to this account on the basis of liquefied petroleum gas used. See accounts 151 and 152 for basis of costs and includible items of fuel stock expenses.

**729 Raw materials for other gas processes (Major only).**

A. This account shall include the cost of raw materials used in the production of manufactured gas by any process not provided for by the foregoing accounts including the production of coal gas by use of retorts, including applicable amounts of fuel stock expenses.

B. Records shall be kept to show the type, quantity, and cost of each raw material used, comparable to the accounting specified in the foregoing accounts for specified types of gas processes. Respective amount of fuel stock and fuel stock expenses shall be readily available.

NOTE: The cost of raw materials and fuel stock expenses shall be charged initially to the appropriate accounts carried under accounts 151, Fuel Stock, and 152, Fuel Stock Expenses Undistributed, and cleared to this account on the basis of raw materials used. See accounts 151 and 152 for basis of raw materials costs and includible items of r materials stock expenses.

**729.1 Raw materials (Nonmajor only).**

A. This account shall include th cost, delivered alongside works, coal, oil, liquefied petroleum gas, g enricher, and other materials used a raw materials in the manufacture gas, including raw materials for man facture of gas by reforming. (See a count 154, Materials and Supplies.)

B. Records shall be maintained show the quantity and cost of ea type of raw material used.

**730 Residuals expenses (Major only).**

A. This account shall include th cost of labor, materials used and e penses incurred including uncollectib accounts in obtaining, handling, pr paring, refining, and marketing resid als produced in manufactured gas pr duction processes.

B. Divisions of this account shall b maintained for each of the princip types of expenses chargeable here and for each residual or by-produc carried in account 731, Residuals Pr duced—Credit.

**731 Residuals produced—Credit.**

A. This account shall be credited an the appropriate subdivision of accou 153, Residuals and Extracted Produc (for Nonmajor companies, accou 154, Plant Materials and Operati Supplies), debited monthly with th estimated value of residuals and othe by-products obtained in connecti with the production of manufacture gas, whether intended for sale or f use in operations.

B. If the net amount realized fro the sale of residuals is greater or le than the amount at which they we originallly credited hereto, an adjus ing entry shall be made crediting debiting this account and charging crediting the appropriate subdivisio of account 153, Residuals and Extrac ed Products (for Nonmajor compani account 154, Plant Materials and O erating Supplies), with the differen

**732 Purification expenses (Major only).**

This account shall include the co of labor, materials used and expens incurred in operating purification equipment and apparatus used for conditioning manufactured gas.

ITEMS

*Labor:*

1. Supervising.
2. Operating conveyors, condensers, coolers, tar extractors and precipitators, shaving scrubbers and naphthalene and light oil scrubbers.
3. Emptying, rearranging, shifting, cleaning, purging, and refilling purifier boxes.
4. Removing spent oxide to refuse pile.
5. Revivifying oxide.
6. Oiling dip sheets of purifier boxes.
7. Inspecting, testing, controlling adjustments, and taking stains.
8. Cleaning and lubricating purification equipment.

*Materials and expenses:*

9. Iron oxide.
10. Unslacked lime.
11. Shavings.
12. Soda ash for liquid purifiers.
13. Wash oil for naphthalene scrubber.
14. Sulphuric acid.

### 733 Gas mixing expenses (Major only).

This account shall include the cost of labor, materials used and expenses incurred in operating equipment for mixing natural and manufactured gas, or vaporized liquefied petroleum gases for delivery to the distribution system.

ITEMS

*Labor:*

1. Supervising.
2. Mixing enrichment gas and other gases or air, including mixing of liquid petroleum gas with air in a liquid petroleum air gas plant, and operation of air jetting equipment and controls.
3. Operating, cleaning and lubricating of cleaners, reducers, calorimeters, calorimixers, appliances and mixing apparatus with their related recorders, gauges, valves and controls, and gravitometers.
4. Inspecting, testing and adjusting mixing equipment.
5. Reading instruments and gauges, changing charts, and recording instrument and gauge readings.

*Materials and expenses:*

6. Packing, waste, lubricants, etc.
7. Small hand tools.
8. Building service, communication service, transportation.

### 734 Duplicate charges—Credit (Major only).

This account shall include concurrent credits for charges which are made to manufactured gas production operating expenses for manufactured gas not entering common system supply, steam or electricity used for which there is no direct money outlay.

NOTE: For manufactured gas used from the common system supply, concurrent credits shall be made to account 812, Gas Used for Other Utility Operations—Credit.

### 735 Miscellaneous production expenses (Major only).

This account shall include the cost of labor, materials used and expenses incurred in manufacturing gas production operations not includible in any of the foregoing accounts.

ITEMS

*Labor:*

1. Supervising.
2. Cleaning gas works yard of coke dust and other waste materials.
3. Humidifying gas or oil fogging gas at the production plant.
4. Cutting grass and care of the grounds around the gas works.
5. Clearing gas works yard of snow.
6. Janitor service and messenger service.
7. Operating elevators and other conveyances for general use at the gas works.
8. General clerical and stenographic work at gas works.
9. Guarding and patrolling plant and yard.
10. Testing plant instruments not elsewhere provided for.
11. Laboratory labor, except that chargeable to other accounts.
12. Reading manufactured gas meters, and calculating and recording hourly volumes produced.
13. Pumping drips (water) at plant (not provided for elsewhere).
14. Odorizing manufactured gas.
15. Operating, cleaning, and lubricating of air compressors with their tanks, instruments, meters, gauges, and controls when used to supply compressed air into the plant's air system.
16. Operating effluent water treatment systems, including chemical treatment ozonation, filter, and related equipment, including treatment of carbon and residual sludge, and removing spent oxide, and spent filtering materials.
17. Pumping water for cooling and condensing.

18. Cleaning filters and other operating duties of water system.

*Materials and expenses:*

19. Producer gas transferred from coke oven plant to water gas plant for dilution purposes.
20. Building service, communication service, transportation.
21. First aid supplies and safety equipment.
22. Office supplies, printing and stationery.
23. Meals, travelling and incidental expenses.
24. Fuel for heating plant, water for fire protection or general use, and similar items.
25. Lubricants, packing, waste, etc.
26. Odorizing chemicals.
27. Hand tools, drills, saw blades, files, etc.
28. Fire protection supplies.
29. Fogging oils, alcohol, etc.
30. Chemicals, filter materials, etc., and payments to others for disposal of plant effluents and waste.
31. Chemicals for water treatment.
32. Research, development, and demonstration expenses.

### 736 Rents.

This account shall include rents for property of others used, occupied or operated in connection with manufactured gas production operations. (See operating expense instruction 3.)

### 737 Operation supplies and expenses (Nonmajor only).

This account shall include the cost of supplies used and expenses incurred in manufactured gas production operations not includible in any of the foregoing accounts.

ITEMS

1. Lubricants, packing, waste, etc.
2. Water purchased.
3. Water purification supplies and expenses.
4. Tools, hand.
5. Gas purification supplies and expenses.
6. Oil for oil fogging process.
7. Royalties for purification process, etc.
8. Building service, communication service, transportation.

### 740 Maintenance supervision and engineering (Major only).

This account shall include the cost of labor and expenses incurred in the general supervision and direction of maintenance of manufactured gas production facilities. Direct field supervision of specific jobs shall be charged
to the appropriate maintenance a
counts. (See operating expense i
struction 1.)

### 741 Maintenance of structures and i
provements (Major only).

This account shall include the co
of labor, materials used and expense
incurred in the maintenance of stru
tures, the book cost of which is inclu
ible in account 305, Structures and I
provements. (See operating expen
instruction 2.)

### 742 Maintenance of production equipme
(Major only).

This account shall include the co
of labor, materials used and expense
incurred in the maintenance of equi
ment for the production of manufa
tured gas, the book cost of which is
cluded in accounts 306 to 320, incl
sive, except such equipment as is use
for the production of steam the mai
tenance of which is includible in a
counts 707, Maintenance of Boile
Plant Equipment, and 708, Mainte
nance of Other Steam Productio
Plant. (See operating expense instru
tion 2.)

### 743 Maintenance of production pla
(Nonmajor only).

This account shall include the co
of labor, materials used and expense
incurred in the maintenance of manu
factured gas production plant th
book cost of which is includible
plant accounts 305 to 320, inclusiv
(See operating expense instruction

### 750 Operation supervision and engine
ing.

A. For Major companies, this a
count shall include the cost of labo
and expenses incurred in the genera
supervision and direction of the ope
ation of production and gathering sy
tems. Direct supervision of specific a
tivities such as turning on and shu
ting off wells, operating measurin
and regulating stations, etc., shall b
charged to the appropriate accoun
(See operating expense instruction

B. For Nonmajor companies, this a
count shall include the cost of superv
sion and labor in the operation of ga
wells, lines, compressors and othe

equipment of the natural gas production and gathering system including miscellaneous labor such as care of grounds, building service, and general clerical and stenographic work at field offices.

ITEMS (MAJOR AND NONMAJOR)

1. Supervision. (See operating expense instruction 1.)
2. Gas depletion and gas reserve activities.
3. Geological activities in connection with gas production.
4. Rights-of-way office activities and supervision, not in connection with construction or retirement work, or storage.

NONMAJOR ONLY

5. Gas well labor: turning wells on and off, bailing, swabbing, blowing wells, etc.
6. Preparing and maintaining production maps and land records, including surveys.
7. Field line labor: patrolling, attending and lubricating valves and other equipment, blowing and cleaning lines and drips, taking line pressures, etc.
8. Field compressor station labor: operating, attending, lubricating and servicing equipment, recording pressures, replacing charts, etc.
9. Measuring and regulating labor: recording pressures, changing charts, calculating gas volumes except for purchased gas and sales, adjusting and calibrating measuring equipment, taking gas samples and testing gas, inspecting and pumping drips, dewatering manholes and pits, etc.
10. Purification labor: attending and servicing purification apparatus, emptying, cleaning and refilling purifier boxes, unloading and storing glycol, etc.
11. Inspecting and testing equipment, not specifically to determine necessity for repairs or replacement of parts.
12. Lubricating equipment, valves, etc.
13. Hauling operating employees, materials, supplies, etc.
14. Moving equipment, minor structures, etc., not in connection with construction, retirement or maintenance work.
15. Keeping log and other operating records, preparing reports of operations, etc.
16. Cleaning structures, cutting grass and weeds, and minor grading around stations.
17. Cleaning debris, cutting grass and weeds on rights-of-way.
18. Cleaning and repairing tools.
19. Building and repairing gate boxes, foot bridges, stiles, tool boxes, etc.
20. Janitorial, watchmen and messenger services.
21. Clerical and stenographic work.

**751 Production maps and records (Major only).**

This account shall include the cost of labor, materials used and expenses incurred in the preparation and maintenance of production maps and records.

ITEMS

*Labor:*

*With respect to production maps:*

1. Supervising.
2. Preparing farm maps, field inventory maps, well location plats, and other maps used in connection with natural gas production and gathering operations.
3. Posting changes and making corrections of maps.
4. Maintaining files of maps and tracings.
5. Surveying deeds, leases, rights-of-way, well locations, etc., for map revisions.
6. Reproducing maps (blueprints, photostats, etc.).

*With respect to land records:*

7. Supervising.
8. Abstracting titles to date for extension and renewal of leases.
9. Adjusting land and well rentals.
10. Checking free gas rights.
11. Maintaining land and lease records.
12. Delivering rental and royalty checks.
13. Assigning, pooling, merging, renewing, and extending leases.
14. Patrolling land.
15. Preparing expiration calendars.
16. Replacing leases (not involving additional consideration).
17. Transferring payees.

*Materials and expenses:*

18. Blueprints, photostats, etc.
19. Drafting materials and supplies.
20. Surveying materials and supplies.
21. Employee transportation and travel expenses.
22. Freight, express, parcel post, trucking, and other transportation.
23. Janitor and washroom supplies, etc.
24. Office supplies, stationery and printed forms.
25. Utility services: light, water, and telephone.

**752 Gas wells expenses (Major only).**

This account shall include the cost of labor, materials used and expenses incurred in operating producing gas wells.

ITEMS

*Labor:*

1. Supervising.

2. Testing, bailing, swabbing, blowing and gauging producing gas wells.
3. Cleaning off old well locations.
4. Painting signs, etc.
5. Minor upkeep of well roads and fences, etc.
6. Turning wells off and on.
7. Pumping wells.

*Materials and expenses:*

8. Gas, gasoline, and oil used in pumping, bailing, heating, and swabbing.
9. Lumber, nails, and other materials used for upkeep of fences, making signs, etc.
10. Materials for upkeep of well roads, etc.
11. Well swabs.
12. Employees' transportation and travel expenses.
13. Freight, express, parcel post, trucking and other transportation.
14. Transportation: company and rented vehicles.

### 753 Field lines expenses (Major only).

This account shall include the cost of labor, materials used and expenses incurred in operating field lines.

ITEMS

*Labor:*

1. Supervising.
2. Walking or patrolling lines.
3. Attending valves, lubricating valves and other equipment, blowing and cleaning lines and drips, draining water from lines, operating and cleaning scrubbers, thawing freezes.
4. Taking line pressures, changing pressure charts, operating alarm gauges.
5. Building and repairing gate boxes, foot bridges, stiles, tool boxes, etc., used in line operations, erecting line markers and warning signs, repairing old line roads.
6. Cleaning debris, cutting grass and weeds on rights-of-way.
7. Inspecting and testing not specifically to determine necessity for repairs.
8. Protecting utility property during work by others.
9. Standby time of emergency crews, responding to fire calls, etc.
10. Locating valve boxes or drip riser boxes.
11. Cleaning and repairing tools used in mains operations, making tool boxes, etc.
12. Cleaning structures and equipment.
13. Driving trucks.

*Materials and expenses:*

14. Line markers and warning signs.
15. Lumber, nails, etc., used in building and repairing gate boxes, foot bridges, stiles, tool boxes, etc.
16. Charts.
17. Scrubber oil.
18. Hand tools.
19. Lubricants, wiping rags, waste, etc.
20. Freight, express, parcel post, trucking and other transportation charges.
21. Employees' transportation and travel expenses.
22. Janitor and washroom supplies.
23. Utility services: light, water, telephone.
24. Gas used in field line operations.

### 754 Field compressor station expenses (Major only).

This account shall include the cost of labor, materials used, except fuel, and expenses incurred in operating field compressor stations.

ITEMS

*Labor:*

1. Supervising.
2. Operating and checking engines, equipment valves, machinery, gauges, and other instruments, including cleaning, wiping, polishing, and lubricating.
3. Operating boilers and boiler accessory equipment, including fuel handling and ash disposal, recording fuel used, and unloading and storing coal and oil.
4. Repacking valves and replacing gauge glasses, etc.
5. Recording pressures, replacing charts, keeping logs, and preparing reports of station operations.
6. Inspecting and testing equipment when not specifically to determine necessity for repairs or replacement of parts.
7. Pumping drips at the station.
8. Taking dew point readings.
9. Testing water.
10. Cleaning structures, cutting grass and weeds, and minor grading around station.
11. Cleaning and repairing hand tools used in operations.
12. Driving trucks.
13. Watching during shut downs.
14. Clerical work at station.

*Materials and expenses:*

15. Scrubber oil.
16. Lubricants, wiping rags, and waste.
17. Charts and printed forms, etc.
18. Gauge glasses.
19. Chemicals to test waters.
20. Water tests and treatment by other than employees.
21. Janitor and washroom supplies, first aid supplies, landscaping supplies, etc.
22. Employees' transportation and travel expenses.
23. Freight, express, parcel post, trucking and other transportation.
24. Utility services: light, water, telephone

### 755 Field compressor station fuel and power.

A. This account shall include the cost of gas, coal, oil, or other fuel, or electricity, used for the operation of field compressor stations, (including in the case of Major companies, applicable amounts of fuel stock expenses).

B. Records shall be maintained to show the quantity of each type of fuel consumed or electricity used at each compressor station, and the cost of such fuel or power. For Major companies, respective amounts of fuel stock and fuel stock expenses shall be readily available.

Note A (Major companies): The cost of fuel, except gas, and related fuel stock expenses shall be charged initially to appropriate fuel accounts carried in accounts 151, Fuel Stock, and 152, Fuel Stock Expenses Undistributed, and cleared to this account on the basis of fuel used. See accounts 151 and 152 for the basis of fuel costs and includible fuel stock expenses.

Note B (Nonmajor companies): The cost of fuel, except gas, shall be charged initially to account 154, Plant Materials and Operating Supplies, and cleared to this account on the basis of fuel used.

### 756 Field measuring and regulating station expenses (Major only).

This account shall include the cost of labor, materials used and expenses incurred in operating field measuring and regulating stations.

ITEMS

*Labor:*

1. Supervising.
2. Recording pressures and changing charts, reading meters, etc.
3. Estimating lost meter registrations, etc., except gas purchases and sales.
4. Calculating gas volumes from meter charts, except for gas purchases and sales.
5. Adjusting and calibrating measuring equipment, changing meters, orifice plates, gauges, clocks, etc., not in connection with maintenance or construction.
6. Testing gas samples, inspecting and testing gas sample tanks and other meter engineer's equipment, determining specific gravity and Btu content of gas.
7. Inspecting and testing equipment not specifically to determine necessity for repairs including pulsation tests.
8. Cleaning and lubricating equipment.
9. Keeping log and other operating records, preparing reports of operations, etc.
10. Attending boilers and operating other accessory equipment.
11. Installing and removing district gauges for pressure survey.
12. Thawing freeze in gauge pipes.
13. Inspecting and pumping drips, dewatering manholes and pits, inspecting sumps, cleaning pits, etc., blowing meter drips.
14. Moving equipment, minor structures, etc., not in connection with construction, retirement, or maintenance work.

*Materials and expenses:*

15. Charts and printed forms, stationery and office supplies, etc.
16. Lubricants, wiping rags, waste.
17. Employees' transportation and travel expense.
18. Freight, express, parcel post, trucking and other transportation.
19. Utility services: light, water, telephone.

### 757 Purification expenses (Major only).

This account shall include the cost of labor, materials used and expenses incurred in operating equipment used for purifying, dehydrating, and conditioning of natural gas.

ITEMS

*Labor:*

1. Supervising.
2. Changing charts on fuel meters.
3. Emptying, cleaning and refilling purifier boxes.
4. Oiling dip sheets of purifier covers.
5. Removing spent oxide to refuse piles.
6. Revivifying oxide.
7. Taking readings of inlet and outlet pressures and temperature.
8. Unloading and storing glycol.
9. Watching station and equipment.
10. Cutting grass and weeds, and minor grading around equipment and stations.
11. Hauling operating employees, materials, supplies and tools, etc.
12. Inspecting and testing equipment, not specifically to determine necessity for repairs or replacement of parts.
13. Lubricating equipment, valves, etc.
14. Operating and checking equipment, valves, instruments, etc.

*Materials and expenses:*

15. Liquid purifying supplies.
16. Iron oxide.
17. Odorizing materials.
18. Charts, printed forms, etc.
19. Employees' transportation and travel expenses.
20. Freight, express, parcel post, trucking, and other transportation.
21. Gas used in operations.
22. Janitor, washroom, and landscaping supplies.
23. Lubricants, wiping rags, waste, etc.
24. Utility services: light, water, telephone.

NOTE: Inclusion of dehydration expenses in this account shall be consistent with the functional classification of dehydration plant as to which, see the note to account 336, Purification Plant, relating to cases where dehydrators may be located some distance from the production sources of gas.

### 758 Gas well royalties.

A. This account shall include royalties paid for natural gas produced by the utility from wells on land owned by others.

B. Records supporting the entries to this account shall be so kept that the utility can furnish the name of the parties to each contract involving royalties, the terms of each contract, the location of the property involved, the method of determining the royalties, and the amounts payable.

### 759 Other expenses.

This account shall include the cost of labor (Major companies only), materials used and expenses incurred in producing and gathering natural gas and not includible in any of the foregoing accounts.

ITEMS

*Labor (Major only):*

1. Moving cleaning tools between locations.
2. Operating communications system.
3. Reading limited and unlimited free gas meters.

*Materials and expenses:*

4. Miscellaneous small tools, etc.
5. Research, development, and demonstration expenses.

*(Nonmajor companies):*

1. Scrubber oil.
2. Gas, gasoline, and oil, in pumping, bailing, heating and swabbing.
3. Well swabs.
4. Lumber, nails, and other materials used for upkeep of fences, making signs, etc.
5. Material for upkeep of roads, etc.
6. Hand tools.
7. Lubricants, wiping rags, waste, etc.
8. Gas used in field line operation.
9. Charts and printed forms.
10. Gauge glasses.
11. Water tests and treatment by other than employees.
12. Gas purifying supplies.
13. Geological and gas reserve services by other than employees in connection with gas production.
14. Office supplies, stationery, drafting materials, etc.
15. Janitor, washroom, landscaping, first aid supplies, etc.
16. Employees' transportation and travel expenses.
17. Freight, express, parcel post, trucking and other transportation.
18. Utility services: lights, water, telephone.

### 760 Rents.

This account shall include rents for property of others used, occupied or operated in connection with the production and gathering of natural gas other than rentals on land and land rights held for the supply of natural gas. (See operating expense instruction 3.)

NOTE: See account 795, Delay Rentals, for rentals paid on lands held for the purpose of obtaining a supply of gas in the future.

### 761 Maintenance supervision and neering (Major only).

This account shall include the cost of labor, materials used and expenses incurred in the general supervision and direction of maintenance of the production and gathering facilities as a whole. Direct field supervision of specific jobs shall be charged to the appropriate maintenance account (See operating expense instruction 1

### 762 Maintenance of structures and improvements (Major only).

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of structures and improvements, the book cost of which is includible in accounts 326 Gas Well Structures, 327, Field Compressor Station Structures, 328, Field Measuring and Regulating Station Structures, and 329, Other Structures (See operating expense instruction 2

### 763 Maintenance of producing gas wells.

This account shall include the cost of labor, materials used and expenses incurred in maintenance of gas wells and equipment includible in accounts 330, Producing Gas Wells—Well Construction, and 331, Producing Gas Wells—Well Equipment. (See operating expense instruction 2.)

**764 Maintenance of field lines.**

This account shall include the cost of labor, materials used and expenses incurred in maintenance of field lines the book cost of which is includible in account 332, Field Lines. (See operating expense instruction 2.)

ITEMS

1. Electrolysis and leak inspections (not routine).
2. Installing and removing temporary lines, when necessitated by maintenance.
3. Lamping and watching while making repairs.
4. Lowering and changing location of portion of lines, when the same pipe is used.
5. Protecting lines from fires, floods, land slides, etc.
6. Rocking creek crossings.

**765 Maintenance of field compressor station equipment (Major only).**

This account shall include the cost of labor and expenses incurred in the maintenance of field compressor station equipment includible in account 333, Field Compressor Station Equipment. (See operating expense instruction 2.)

**766 Maintenance of field measuring and regulating station equipment (Major only).**

This account shall include the cost of labor, materials used and expenses incurred in maintenance of field measuring and regulating station equipment includible in account 334, Field Measuring and Regulating Station Equipment. (See operating expense instruction 2.)

**767 Maintenance of purification equipment (Major only).**

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of purification equipment includible in account 336, Purification Equipment. (See operating expense instruction 2.)

NOTE: Inclusion of dehydration maintenance expenses in this account shall be consistent with the functional classification of dehydration plant as to which see the note to account 336, Purification Equipment, relating to cases where dehydrators may be located some distance from the production sources of gas.

**768 Maintenance of drilling and cleaning equipment (Major only).**

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of drilling and cleaning equipment includible in account 335, Drilling and Cleaning Equipment, except such costs of maintaining drilling tools or other equipment which are assignable to the cost of drilling wells. (See operating expense instruction 2.)

**769 Maintenance of other equipment (Major only).**

This account shall include the cost of labor, materials used and expenses incurred in maintenance of other production and gathering equipment includible in account 337, Other Equipment. (See operating expense instruction 2.)

**769.1 Maintenance of other plant (Nonmajor only).**

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of plant the book cost of which is includible in natural gas production and gathering plant except accounts 330, 331, and 332. (See operating expense instruction 2.)

**770 Operation supervision and engineering (Major only).**

This account shall include the cost of labor and expenses incurred in the general supervision and direction of products extraction and refining operations, except supervision of marketing and selling operations which shall be charged to account 779, Marketing Expenses. Direct supervision of specific extraction and refining activities shall be charged to the appropriate account. (See operating expense instruction 1.)

**771 Operation labor (Major only).**

This account shall include the cost of labor used in the operation of facilities for the extraction of gasoline, butane, propane, or other salable products from natural gas and for refining such products.

ITEMS

*Labor:*

1. Supervising.
2. Operating, checking, lubricating, wiping, polishing, and cleaning engines, equipment, valves, machinery, gauges, and other instruments, etc.
3. Inspecting and testing equipment and instruments, not specifically to determine necessity for repairs or replacement of parts.
4. Reading meters, gauges, and other instruments, changing charts, preparing operating reports, etc.
5. Testing gasoline samples, water, etc.
6. Cleaning structures housing equipment, cutting grass and weeds and doing minor grading work around equipment and structures, etc.
7. Driving trucks used in products extraction operations.
8. Cleaning and repairing hand tools used in operations, etc.
9. Watching plant during shut-down periods.
10. Making electricity or steam.

### 772 Gas shrinkage (Major only).

A. This account shall include the cost of gas lost or absorbed in the process of extraction of salable products from natural gas, exclusive of gas used as fuel, the cost of which shall be included in account 773, Fuel.

B. Concurrent credits offsetting charges to this account shall be made to account 811, Gas Used for Products Extraction—Credit.

### 773 Fuel (Major only).

A. This account shall include the cost of natural gas or other fuel used in extracting gasoline, butane, propane and other salable products from natural gas, including fuel used for generation of electricity or making steam.

B. Concurrent Credits offsetting charges to this account shall be made to account 811, Gas Used for Products Extraction—Credit.

### 774 Power (Major only).

This account shall include the cost of electricity purchased for operation of facilities used in the extraction of gasoline, butane, propane, or other salable products from natural gas.

### 775 Materials (Major only).

This account shall include the cost of materials used in extracting salable products from natural gas and blending and refining such products.

ITEMS

1. Absorption oil.
2. Charcoal.
3. Water (payments to others for water).
4. Steam (payments to others for steam).
5. Blending agents.
6. Natural gasoline removed from inventory for blending and refining purposes.
7. Tetraethyl lead.

### 776 Operation supplies and expenses.

This account shall include supplies used and expenses incurred in the operation of facilities for recovering salable products from natural gas and in the case of Major companies, blending and refining such products, not provided for elsewhere.

ITEMS (MAJOR ONLY)

1. Employee transportation and travel expenses.
2. Freight, express, parcel post, trucking and other transportation.
3. Utility services: light, water, telephone
4. Charts, gas measurement, etc.
5. Janitor, washroom and landscaping supplies.
6. Lubricants: oil and grease, wiping rags and waste, etc.
7. Testing equipment, hand tools, etc., of a portable nature and relatively minor cost or of short life.
8. Research, development, and demonstration expenses.

NOTE (NONMAJOR COMPANIES): If the products extraction operations of the utility are other than a relatively minor part of the utility's natural gas business, the utility shall use the accounts for products extraction expenses of the Major gas companies with the respective accounts prescribed therein identified as subaccounts to this account.

### 777 Gas processed by others (Major only).

A. This account shall include the cost of gas shrinkage, gas consumed for fuel, royalties, and other expenses in connection with the processing of gas of the utility by others for extraction of salable products, for which the related revenues are includible in account 491, Revenues from Natural Gas Processed by Others.

B. Concurrent credits offsetting charges to this account for the difference between gas delivered to others for processing and gas returned after processing, such as shrinkage in the processing operations and gas of the utility used for fuel, shall be made to account 811, Gas Used for Products Extraction of Credit.

C. Records supporting this account shall be so maintained that full information will be readily available concerning gas shrinkage, gas used for fuel, royalties, and other expenses assumed or paid by the utility with regard to each processor of gas of the utility. (See paragraph B of account 491, Revenues from Natural Gas Processed by Others.)

ITEMS

1. Gas shrinkage, being cost of the reduction in gas from products extraction operations of gas of the utility processed by others.
2. Gas for fuel, being cost of gas of the utility used for fuel in connection with the products extraction processing of the utility's gas by others.
3. Royalties, being payments of fractional interests of royalty holders in products extracted by others from gas of the utility.

### 778 Royalties on products extracted (Major only).

This account shall include royalties paid by the utility to others for the right to extract salable products from natural gas.

### 779 Marketing expenses (Major only).

A. This account shall include the cost of labor, materials used and expenses incurred in the marketing of products extracted from natural gas and of similar products purchased for resale.

B. The records supporting this account shall be so maintained that summaries of the various types of expenses shall be readily available.

ITEMS

*Labor:*

1. Salaries of persons directly engaged in marketing operations.

*Materials and expenses:*

2. Employee transportation and travel expenses.
3. Tank car rentals.
4. Freight and hauling charges for products shipped.
5. Miscellaneous marketing expenses.
6. Building service charges for space occupied by marketing personnel.
7. Uncollectible accounts for extracted products sold.

### 780 Products purchased for resale (Major only).

A. This account shall include the cost of gasoline, butane, propane, or other salable products purchased from others for resale.

B. The records supporting this account shall be so maintained that the kind, quantity, and cost of products purchased from each vendor are readily available.

### 781 Variation in products inventory (Major only).

This account shall include credits for increases and debits for decreases in the inventories of salable products extracted from natural gas or purchased for resale. The net debit or credit in this account shall equal the difference between the inventory at the beginning of the accounting year and the end of the accounting month.

### 782 Extracted products used by the utility—Credit (Major only).

This account shall include concurrent credits for charges which are made of operating expenses or other accounts of the gas department for gasoline or other extracted products which are used from stocks recovered in the natural gas extraction process or purchased for resale, and for such products used for blending and refining processes, the contra debit for which is account 775, Materials.

### 783 Rents (Major only).

This account shall include all rents for the property of others used, occupied, or operated in connection with the extraction of salable products from natural gas, exclusive of tank car rentals and other similar rentals includible in account 779, Marketing Expenses. (See operating expense instruction 3.)

### 784 Maintenance supervision and engineering (Major only).

This account shall include the cost of labor and expenses incurred in the general supervision and direction of maintenance of facilities used in the extraction and refining of salable products from natural gas. Direct field supervision of specific jobs shall be charged to the appropriate maintenance account. (See operating expense instruction 1.)

### 785 Maintenance of structures and improvements (Major only).

This account shall include the cost of labor materials used and expenses incurred in the maintenance of structures, the book cost of which is includible in account 341, Structures and Improvements. (See operating expense instruction 2.)

### 786 Maintenance of extraction and refining equipment (Major only).

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 342, Extraction and Refining Equipment. (See operating expense instruction 2.)

### 787 Maintenance of pipe lines (Major only).

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 343, Pipe Lines. (See operating expense instruction 2.)

### 788 Maintenance of extracted products storage equipment (Major only).

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 344, Extracted Products Storage Equipment. (See operating expense instruction 2.)

### 789 Maintenance of compressor equipment (Major only).

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 345, Compressor Equipment. (See operating expense instruction 2.)

### 790 Maintenance of gas measuring and regulating equipment (Major only).

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 346, Gas Measuring and Regulating Equipment. (See operating expense instruction 2.)

### 791 Maintenance of other equipment (Major only).

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 347, Other Equipment. (See operating expense instruction 2.)

### 792 Maintenance of products extraction plant (Nonmajor only).

This account shall include the cost of labor, materials and supplies used and expenses incurred in the maintenance of plant the book cost of which is includible in accounts 341 to 347, inclusive. (See operating expense instruction 1.)

### 795 Delay rentals.

A. This account shall be charged with the amount of rents paid periodically on natural gas lands acquired by lease before October 8, 1969, in order to hold natural gas land and land rights for the purpose of obtaining a supply of gas in the future.

B. Include also in this account, the cost of obtaining natural gas leases for a period of 1 year or less when such leases were acquired before October 8, 1969.

C. Records supporting this account shall be so kept that the utility can furnish complete details of the charges made for each natural gas leasehold. (See note to gas plant instruction 7G.)

NOTE: Rents paid periodically on natural gas lands acquired by lease after October 7, 1969, shall be charged to account 105.1, Production Properties Held for Future Use (in the case of Nonmajor Companies, account 105, Gas Plant Held for Future Use).

### 796 Nonproductive well drilling.

This account shall include the net cost of drilling wells on natural gas leases acquired before October 8, 1969, which prove to be nonproductive.

NOTE A: Records in support of the charges to this account shall conform, as appropriate, to Note B of General Instruction 12, Records for Each Plant (in the case of Nonmajor companies, General Instruction 21, Gas Well Records).

NOTE B: The net cost of drilling wells on natural gas leases acquired after October 7, 1969, which prove to be nonproductive, shall be charged to account 338, Unsuccessful Exploration and Development Costs.

### 797 Abandoned leases.

A. For Major companies, this account shall be charged with amounts credited to account 111, Accumulated Provision for Amortization and Depletion of Gas Utility Plant, to cover the probable loss on abandonment of natural gas leases acquired before October 8, 1969, included in account 105, Gas Plant Held for Future Use, which has never been productive. For Nonmajor companies, this account shall be charged with losses on abandonment of natural gas leases acquired before October 8, 1969, included in account 105, Gas Plant Held for Future Use, which have never been productive, unless otherwise authorized by the Commission. (See account 182.1.)

B. (Major only) when natural gas leaseholds which were acquired before October 8, 1969, and which have never been productive are abandoned, and the amounts provided in account 111, Accumulated Provision for Amortization and Depletion of Gas Utility Plant, are not sufficient to cover the cost thereof, the deficiency shall be charged to this account unless otherwise authorized or directed by the Commission. (See account 182.1.)

NOTE: Losses on abandonment of natural gas leases acquired after October 7, 1969, shall be charged to account 338, Unsuccessful Exploration and Development Costs.

### 798 Other exploration.

This account shall be charged with the cost of abandoned projects involving natural gas leases acquired before October 8, 1969, on which preliminary expenditures were made for the purpose of determining the feasibility of acquiring acreage to provide a future supply of natural gas (for Major companies see account 183.1, Preliminary Natural Gas Survey and Investigation Charges; for Nonmajor companies, see account 186, Miscellaneous Deferred Debits).

NOTE: Preliminary expenditures on abandoned projects involving natural gas leases acquired after October 7, 1969, shall be charged to account 338, Unsuccessful Exploration and Development Costs.

### 799 Natural gas purchases (Nonmajor only).

A. This account shall include the cost at point of receipt by the utility of natural gas purchased for resale.

B. The records supporting this account shall be so maintained that there shall be readily available for each vendor and each point of receipt, the quantity of gas, basis of charges, and the amount paid for the gas.

### 800 Natural gas well head purchases (Major only).

A. This account shall include the cost at well head of natural gas purchased from producers in gas fields or production areas where only the utility's facilities are used in bringing the gas from the well head into the utility's natural gas system.

B. The records supporting this account shall be so maintained that there shall be readily available for each vendor and well head the quantity of gas, basis of charges, and amount paid for the gas.

NOTE: If gas purchases are made under one contract covering both well head and field line purchases and such amounts are not readily separable, the utility may classify such purchases according to predominant source or according to a reasonable estimate.

### 800.1 Natural gas well-head purchases; intracompany transfers.

A. This account shall include, for informational purposes only, the amount recorded for gas supplied by the production division when the price is not determined by a cost-of-service rate proceeding.

B. The records supporting this account shall be so maintained that there will be readily available for each well-head, the quantity of gas, the basis of intracompany charges, and the amount of intracompany charges for gas.

**801 Natural gas field line purchases (Major only).**

A. This account shall include the cost, at point of receipt by the utility, of natural gas purchased in gas fields or production areas at points along gathering lines, and at points along the utility's transmission lines within field or production areas, exclusive of purchases at outlets of gasoline plants includible in account 802, where facilities of the vendor or others are used in bringing the gas from the well head to the point of entry into the utility's natural gas system.

B. The records supporting this account shall be so maintained that there shall be readily available for each vendor and each point of receipt, the quantity of gas, basis of charges, and amount paid for the gas.

Note: If gas purchases are made under one contract covering both well head and field line purchases and such amounts are not readily separable, the utility may classify such purchases according to predominant source or according to a reasonable estimate.

**802 Natural gas gasoline plant outlet purchases (Major only).**

A. This account shall include the cost, at point of receipt by the utility, of natural gas purchased at the outlet side of vendor's natural gas products extraction plants.

B. The records supporting this account shall be so maintained that there shall be readily available for each vendor and for each products extraction plant, the quantity of gas, basis of the charges, and the amount paid for the gas.

**803 Natural gas transmission line purchases (Major only).**

A. This account shall include the cost, at point of receipt by the utility, of natural gas purchased at points along the utility's transmission lines not within gas fields or production areas, excluding purchases at the outlets of products extraction plants includible in account 802.

B. The records supporting this account shall be so maintained that there shall be readily available for each vendor and each point of receipt, the quantity of gas, basis of charges, and the amount paid for the gas.

**804 Natural gas city gate purchases (Major only).**

A. This account shall include the cost, at point of receipt by the utility, of natural gas purchased which is received at the entrance to the distribution system of the utility.

B. The records supporting this account shall be so maintained that there shall be readily available for each vendor and each point of receipt, the quantity of gas, basis of the charges, and the amount paid for the gas.

Note: Do not credit this account for gas used in reforming for which the cost is charged to manufactured gas production expenses. Credits for such gas should be made to account 812, Gas Used for Other Utility Operations—Credit.

**804.1 Liquefied natural gas purchases (Major only).**

A. This account shall include the cost, including transportation, at point of receipt by the utility, of liquefied natural gas purchased for the purpose of vaporization and injection into the utility's transmission or distribution system for resale.

B. The records supporting this account shall be so maintained that there shall be readily available for each vendor and point of receipt, the quantity of liquefied natural gas purchased, basis of charges, the amount paid for the liquefied gas, and transportation charges incurred up to the point of receipt of the liquefied gas.

**805 Other gas purchases.**

A. This account shall include the cost, at point of receipt by the utility, of manufactured gas, refinery gas, or any gas other than natural gas, or other than any mixed gas in which the natural gas is an important proportion of the mixture.

B. The records supporting this account shall be so maintained that there shall be readily available for each vendor and each point of receipt, the kind and quantity of gas, Btu content, basis of the charges, and the amount paid for the gas.

**805.1 Purchased gas cost adjustments.**

A. This account shall be debited or credited with decreases or increases in purchased gas costs related to Commission approved purchased gas adjustment clauses when such costs are not included in the utility's rate schedules on file with the Commission.

B. This account shall be debited or credited with amounts amortized from Account 191, Unrecovered Purchased Gas Costs.

**806 Exchange gas (Major only).**

A. This account shall include debits or credits for the cost of gas in unbalanced exchange transactions whereby gas is received from another party in exchange for delivery of gas to such other party and receipt and delivery of such gas is not completed during the accounting period. Contra entries to those in this account shall be made to account 174, Miscellaneous Current and Accrued Assets, for exchange gas receivable and to account 242, Miscellaneous Current and Accrued Liabilities, for exchange gas deliverable. Such entries shall be reversed and appropriate contra entries made to this account when gas is received or delivered in satisfaction of the amounts receivable or deliverable. This accounting is not required for minor transactions.

B. If revenue is earned or amounts are payable in consideration of the performance of exchange services, such revenue or expense should be recorded in account 495, Other Gas Revenues, or account 813, Other Gas Supply Expenses, as appropriate. See, however, accounts 489, Revenues from Transportation of Gas of Others, and 858, Transmission and Compression of Gas by Others, for transactions which, in fact, are for transportation of gas rather than exchange of gas.

C. Records shall be maintained so that there is readily available for each gas exchange the volume of gas received and delivered whether or not entries of dollar amounts to this account are required.

**807 Purchased gas expenses.**

A. This account shall include expenses incurred directly in connection with the purchase of gas for resale.

B. The utility shall not include as purchased gas expense, segregated or apportioned expenses of operating and maintaining gathering system plant whether such plant is devoted solely or partially to purchases of gas, except that the utility shall include the cost of turning on and off purchase gas wells and operating measuring stations devoted exclusively to measuring purchased gas.

C. In general, it is intended that this account include only the expenses directly related to purchased gas, including the expenses of computing volumes of gas purchased, and special items directly related to gas purchases which are not includible in other accounts.

D. (Major companies) This account shall be subdivided as follows:

807.1 Well expenses—Purchased gas.
807.2 Operation of purchased gas measuring stations.
807.3 Maintenance of purchased gas measuring stations.
807.4 Purchased gas calculations expenses.
807.5 Other purchased gas expenses.

**808.1 Gas withdrawn from storage—Debit.**

A. This account shall include debits for the cost of gas withdrawn from storage during the year. Contra credits for entries to this account shall be made to accounts 117, Gas Stored Underground—Noncurrent (in the case of Nonmajor companies, account 164.1, Gas Stored Underground) or 164.2, Liquefied Natural Gas Stored, as appropriate.

B. Withdrawal of gas from storage shall not be netted against deliveries to storage. (See account 808.2.)

NOTE: Adjustments for gas inventory losses due to cumulative inaccuracies in gas measurement, or from other causes, shall be entered in account 823, Gas Losses. If, however, any adjustment is substantial, the utility may, with approval of the Commission, amortize the amount of the adjustment to account 823 over future operating periods.

**808.2 Gas delivered to storage—Credit.**

A. This account shall include credits for the cost of gas delivered to storage during the year. Contra debits for entries to this account shall be made to accounts 117, Gas Stored Underground—Noncurrent (in the case of Nonmajor companies, account 164.1, Gas Stored Underground) or 164.2, Liquefied Natural Gas Stored, as appropriate.

B. Deliveries of gas to storage shall not be netted against withdrawals from storage. (See account 808.1.)

**809.1 Withdrawals of liquefied natural gas held for processing—Debit (Major only).**

A. This account shall include debits for the cost of liquefied gas withdrawn during the year. Contra credits for entries to this account shall be made to account 164.3, Liquefied Natural Gas Held for Processing.

B. Withdrawals of liquefied natural gas held for processing shall not be netted against deliveries. (See account 809.2).

NOTE: Adjustments for gas inventory losses due to cumulative inaccuracies in gas measurement, or from other causes, shall be entered in account 846.1, Gas Losses, in the month determined, if, however, any adjustment is substantial, the utility may, with approval of the Commission, amortize the amount of the adjustment to account 846.1 over future operating periods.

**809.2 Deliveries of natural gas for processing—Credit.**

A. This account shall include credits for the cost of gas delivered for processing during the year. Contra debits for entries to this account shall be made to account 164.3, Liquefied Natural Gas Held for Processing.

B. Deliveries of natural gas for processing shall not be netted against withdrawals from processing. (See account 809.1).

**810 Gas used for compressor station fuel—Credit (Major only).**

This account shall include concurrent credits for charges which are made to operating expenses for gas consumed for compressor station fuel from the common system gas supply.

**811 Gas used for products extractio Credit (Major only).**

This account shall include conc rent credits for charges which a made to products extraction expens for gas shrinkage and gas used for t in products extraction operations the utility and for similar uses of g of the utility by others processing g of the utility for extraction of salab products.

**812 Gas used for other utility op ations—Credit (Major only).**

This account shall include conc rent credits for charges which a made to operating expenses or oth accounts of the gas department for g consumed from the common syste supply for operating and utility pu poses other than uses for which cre its are includible in any of the fore ing accounts. (See account 484, Inte departmental Sales, for gas supplied departments other than the gas util department.)

**812.1 Gas used in utility operation Credit (Nonmajor only).**

This account shall include conc rent credits for charges which a made to operating expenses or ot accounts of the gas department for g from the common system supply us for compressor station fuel or oth purposes. (See account 484, Inter partmental Sales, for gas supplied departments other than the gas util department.)

**813 Other gas supply expenses.**

This account shall include the co of labor, materials used and expens incurred in connection with gas supp functions not provided for in any the above accounts, including, in t case of Major companies, research a development expenses.

These accounts are to be used by t transmission and distribution compa nies to account for natural gas stora expenses. If the utility operates bo transmission and distribution system subaccounts shall be maintained cla sifying the expenses to the transm sion or distribution function.

### 814 Operation supervision and engineering.

A. For Major companies, this account shall include the cost of labor and expenses incurred in the general supervision and direction of underground storage operations. Direct supervision of specific activities such as turning on and shutting off storage wells, compressor station operations, etc., shall be charged to the appropriate account. (See operating expense instruction 1.)

B. For Nonmajor companies, this account shall include the cost of supervision and labor in the operation of storage facilities including underground storage gas wells, lines, compressors and other equipment of the underground storage system, and the labor and expense of preparing and maintaining storage maps and lands records.

ITEMS (NONMAJOR ONLY)

1. Operation of other storage facilities.
2. Operation of underground storage system.

(See account 750)

### 815 Maps and records (Major only).

This account shall include the cost of labor, materials used and expenses incurred in the preparation and maintenance of storage maps and land records.

ITEMS

*Labor:*

*With respect to land records:*

1. Supervising.
2. Abstracting titles to date for extension and renewal of leases.
3. Adjusting land and well rentals.
4. Renewing and extending leases or replacing leases not involving additional consideration.
5. Transferring, assigning, pooling, and merging leases.
6. Delivering rental checks.
7. Clerical work in maintaining storage land and lease records.
8. Preparing and maintaining lease expiration calendars.

*With respect to maps:*

9. Supervising.
10. Preparing maps, well location plats, etc.
11. Reproducing maps (blueprints or photostats).
12. Posting and revising maps.
13. Surveying deeds, leases, rights-of-way, well locations, etc., for map revisions.
14. Maintaining files of maps and tracings.
15. Field checking boundaries, markers, etc. in connection with preparation of maps.

*Materials and expenses (general):*

16. Reproduction of land and lease records and maps (blueprints, photostats, etc.).
17. Drafting materials and supplies.
18. Surveying materials and supplies.
19. Employees' transportation and travel expenses.

### 816 Wells expenses (Major only).

This account shall include the cost of labor, materials used and expenses incurred in operating storage gas wells.

ITEMS

*Labor:*

1. Supervising.
2. Testing, bailing, swabbing, blowing, and gauging storage wells.
3. Painting signs, etc.
4. Minor upkeep of well roads, fences, etc.
5. Turning storage wells on and off.
6. Moving cleaning out tools between locations.
7. Driving trucks.

*Materials and expenses:*

8. Gas, gasoline, and oil used in pumping, bailing, heating, and swabbing.
9. Lumber, nails, and other materials used for repairing old well roads and fences.
10. Well swabs.
11. Employees' transportation and travel expenses.
12. Freight, express, parcel post, trucking, and other transportation.

### 817 Lines expenses (Major only).

This account shall include the cost of labor, materials used and expenses incurred in operating underground storage lines.

ITEMS

*Labor:*

1. Supervising.
2. Walking or patrolling lines.
3. Attending valves, lubricating valves and other equipment, blowing and cleaning lines and drips, draining water from lines, operating and cleaning scrubbers, thawing freezes.
4. Taking line pressures, changing pressure charts, operating alarm gauges.
5. Building and repairing gate boxes, foot bridges, stiles, tool boxes, etc., used in line operations, erecting line markers and warning signs, repairing old line roads.
6. Cleaning debris, cutting grass and weeds on rights-of-way.

7. Inspecting and testing not specifically to determine necessity for repairs.
8. Protecting utility property during work by others.
9. Standby time of emergency crews, responding to fire calls, etc.
10. Locating valve boxes or drip riser boxes.
11. Cleaning and repairing tools used in storage lines operations.
12. Cleaning structures and equipment.
13. Driving trucks.

*Materials and expenses:*

14. Line markers and warning signs.
15. Lumber, nails, etc., used in building and repairing gate boxes, foot bridges, stiles, etc.
16. Charts.
17. Scrubber oil.
18. Hand tools.
19. Lubricants, wiping rags, waste, etc.
20. Freight, express, parcel post, trucking and other transportation.
21. Employees' transportation and travel expenses.
22. Janitor and washroom supplies.
23. Utility services: light, water, telephone.
24. Gas used in operations.

### 818 Compressor station expenses (Major only).

This account shall include the cost of labor, materials used and expenses incurred in operating underground storage compressor stations.

ITEMS

*Labor:*

1. Supervising.
2. Operating and checking engines, equipment, valves, machinery, gauges, and other instruments, including cleaning, wiping, polishing, and lubricating.
3. Operating boilers and boiler accessory equipment, including fuel handling and ash disposal, recording fuel used, and unloading and storing coal and oil.
4. Repacking valves and replacing gauge glasses, etc.
5. Recording pressures, replacing charts, keeping logs, and preparing reports of station operations.
6. Inspecting and testing equipment when not specifically to determine necessity for repairs or replacement of parts.
7. Pumping drips at the station.
8. Taking dew point readings.
9. Testing water.
10. Cleaning structures housing equipment, cutting grass and weeds, and minor grading around station.
11. Cleaning and repairing hand tools used in operations.
12. Driving trucks
13. Watching during shut downs.
14. Clerical work at station.

*Materials and expenses:*

15. Scrubber oil.
16. Lubricants, wiping rags, and waste.
17. Charts and printed forms, etc.
18. Gauge glasses.
19. Chemicals to test water.
20. Water tests and treatment by othe than employees.
21. Janitor and washroom supplies, fir aid supplies, landscaping supplies, etc.
22. Employees' transportation and trav expenses.
23. Freight, express, parcel post, trucking and other transportation.
24. Utility services: light, water, telephone

### 819 Compressor station fuel and powe (Major only).

A. This account shall include th cost of gas, coal, oil, or other fuel, o electricity, used for the operation o underground storage compressor sta tions, including applicable amounts o fuel stock expenses.

B. Records shall be maintained t show the quantity of each type of fue consumed or electricity used at each compressor station, and the cost o such fuel or power. Respective amounts of fuel stock and fuel stock expenses shall be readily available.

NOTE: The cost of fuel, except gas, and re lated fuel stock expenses shall be charge initially to appropriate fuel accounts carrie in accounts 151, Fuel Stock, and 152, Fue Stock Expenses Undistributed, and cleare to this account on the basis of fuel used. Se accounts 151 and 152 for the basis of fu costs and includible fuel stock expenses.

### 820 Measuring and regulating station ex penses (Major only).

This account shall include the cos of labor, materials used and expense incurred in operating undergroun storage measuring and regulating sta tions.

ITEMS

*Labor:*

1. Supervising.
2. Recording pressures and changin charts, reading meters, etc.
3. Estimating lost meter registrations, et except gas purchases and sales.
4. Calculating gas volumes from mete charts except gas purchases and sales.
5. Adjusting and calibrating measurin equipment, changing meters, orifice plate

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gauges, clocks, etc., not in connection with construction or maintenance.

6. Testing gas samples, inspecting and testing gas sample tanks and other meter engineers equipment, determining specific gravity and Btu content of gas.

7. Inspecting and testing equipment not specifically to determine necessity for repairs, including pulsation tests.

8. Cleaning and lubricating equipment.

9. Keeping log and other operating records, preparing reports of operation, etc.

10. Attending boilers and operating other accessory equipment.

11. Installing and removing district gauges for pressure survey.

12. Thawing freeze in gauge pipe.

13. Inspecting and pumping drips, dewatering manholes and pits, inspecting sumps, cleaning pits, etc., blowing meter drips.

14. Moving equipment, minor structures, etc., not in connection with maintenance or construction.

*Materials and expenses:*

15. Charts and printed forms, stationery and office supplies, etc.

16. Lubricants, wiping rags, waste.

17. Employees' transportation and travel expense.

18. Freight, express, parcel post, trucking and other transportation.

19. Utility services: light, water, telephone.

### 821 Purification expenses (Major only).

This account shall include the cost of labor, materials used and expenses incurred in operating equipment used for purifying, dehydrating, and conditioning of natural gas in connection with underground storage operations.

ITEMS

*Labor:*

1. Supervising.

2. Changing charts on fuel meters.

3. Emptying, cleaning and refilling purifier boxes.

4. Oiling dip sheets of purifier covers.

5. Removing spent oxide to refuse piles.

6. Revivifying oxide.

7. Taking readings of inlet and outlet pressures and temperature.

8. Unloading and storing glycol.

9. Watching station and equipment.

10. Cutting grass and weeds, and minor grading around equipment and stations.

11. Hauling operating employees, materials, supplies and tools, etc.

12. Inspecting and testing equipment, not specifically to determine necessity for repairs or replacement of parts.

13. Lubricating equipment, valves, etc.

14. Operating and checking equipment, valves, instruments, etc.

*Materials and expenses:*

15. Liquid purifying supplies.

16. Iron oxide.

17. Odorizing materials.

18. Charts, printed forms, etc.

19. Employees' transportation and travel expenses in connection with purification and dehydration operations.

20. Freight, express, parcel post, trucking and other transportation.

21. Gas used in operations.

22. Janitor, washroom and landscaping supplies.

23. Lubricants, wiping rags, waste, etc.

24. Utility services: light, water, telephone.

### 822 Exploration and development (Major only).

This account shall include expenses of investigation, exploration, and development of underground storage projects under consideration which prove not feasible. There also shall be included in this account the net cost of drilling nonoperative wells within an existing storage project. (For Major companies see account 183.2, Other Preliminary Survey and Investigation Charges.)

NOTE: Include in account 352, Wells, the cost of wells which may be drilled within a storage project for purposes of pressure observation rather than for injection or withdrawal of gas.

### 823 Gas losses.

This account shall include the amounts of inventory adjustments representing the cost of gas lost or unaccounted for in underground storage operations due to cumulative inaccuracies of gas measurements or other causes. (For Major companies, see paragraph G of account 117, Gas Stored Underground—Noncurrent.) If, however, any adjustment is substantial, the utility may, with approval of the Commission, amortize the amount of the adjustment to this account over future operating periods.

### 824 Other expenses (Major only).

This account shall include the cost of labor, material used and expenses incurred in operating underground storage plant, and other underground storage operating expenses, not includible in any of the foregoing accounts, including research, development, and demonstration expenses.

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### 825 Storage well royalties.

A. This account shall include royalties, rents, and other payments includible in operating expenses for gas wells and gas land acreage located within and comprising underground storage projects of the utility. (See operating expense instruction 3.)

B. The records supporting this account shall be so maintained that information will be readily available for each storage project, of the parties to each contract, basis of the charges, and location of wells to which the royalties or rents of each contract relate.

### Rents.

This account shall include rents for property of others used in connection with the storage of gas underground, other than rents and royalties paid with respect to storage wells and gas lands utilized for the holding of gas in underground storage. (See operating expense instruction 3.)

### 827 Operation supplies and expenses (Nonmajor only).

This account shall include the cost of supplies used and expense incurred in connection with storage operating functions not provided for in any of the above accounts, including power and fuel for compressor stations used in underground storage operations.

ITEMS

1. Supplies used in operation of other storage facilities.
2. Supplies used in operation of underground storage system. (See account 713.)

### 830 Maintenance supervision and engineering (Major only).

This account shall include the cost of labor and expenses incurred in the general supervision and direction of maintenance of underground storage facilities. Direct field supervision of specific jobs shall be charged to the appropriate maintenance account. (See operating expense instruction 1.)

### 831 Maintenance of structures and improvements (Major only).

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of structures, the book cost of which is includible in account 351, Structures and Improvements. (See operating expense instruction 2.)

### 832 Maintenance of reservoirs and wells.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of storage wells, the book cost of which is included in account 352, Wells, and the maintenance of reservoirs, the book cost of which is included in account 352.2, Reservoirs. (See operating expense instruction 2.)

### 833 Maintenance of lines (Major only).

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of underground storage lines, the book cost of which is includible in account 353, Lines. (See operating expense instruction 2.)

### 834 Maintenance of compressor station equipment (Major only).

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 354, Compressor Station Equipment. (See operating expense instruction 2.)

### 835 Maintenance of measuring and regulating station equipment (Major only).

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 355, Measuring and Regulating Equipment. (See operating expense instruction 2.)

### 836 Maintenance of purification equipment (Major only).

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of purification equipment, the book cost of which is includible in account 356, Purification Equipment. (See operating expense instruction 2.)

### 837 Maintenance of other equipment (Major only).

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 357, Other Equipment. (See operating expense instruction 2.)

### 838 Maintenance of other underground storage plant (Nonmajor only).

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of plant the book cost of which is includible in accounts 351 to 357, inclusive, except account 352. (See operating expense instruction 2.)

### 839 Maintenance of other storage plant (Nonmajor only).

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of plant the book cost of which is includible in accounts 361 to 363, inclusive. (See operating expense instruction 2.)

### 840 Operation supervision and engineering (Major only).

This account shall include the cost of labor and expenses incurred in the general supervision and direction of the operation of other storage facilities. Direct supervision of specific activities such as operation of gas holders shall be charged to the appropriate account. (See operating expense instruction 1.)

### 841 Operation labor and expenses (Major only).

This account shall include the cost of labor, materials used and expenses incurred in operating storage holders and other storage equipment.

ITEMS

*Labor:*

1. Supervising.
2. Operating, checking, lubricating, cleaning, and polishing equipment, machinery, valves, instruments, and other local storage equipment.
3. Reading meters, gauges and other instruments, changing charts, preparing operating reports, etc.
4. Pumping inlet and outlet holder drips.
5. Inspecting and testing equipment when not specifically for repairs or replacement of parts.
6. Cleaning structures and housing equipment, cutting grass and weeds, and doing minor grading work around structures and equipment.
7. Cleaning and repairing hand tools used for operations, etc.
8. Operating steam lines for heating storage facilities.

*Materials and expenses:*

9. Charts for pressure gauges and meters, printed forms, etc.
10. Lubricants, wiping rags, waste, etc.
11. Janitor and washroom supplies, landscaping supplies, etc.
12. Employee travel and transportation expenses.
13. Freight, express, parcel post, trucking, and other transportation.
14. Utility services: light, water, and telephone.
15. Chemicals.
16. Refrigerants.
17. Research, development, and demonstration expenses.

### 842 Rents (Major only).

This account shall include rents for property of others used or operated in connection with other storage operations. (See operating expense instruction 3.)

### 842.1 Fuel (Major only).

A. This account shall include the cost of natural gas or other fuel used in the operation of other storage plant.

B. Concurrent credits offsetting charges to this account for natural gas used for fuel shall be made to account 812, Gas Used for Other Utility Operations—Credit.

### 842.2 Power (Major only).

This account shall include the cost of electricity consumed for operation of facilities used in the operation of other storage plant.

### 842.3 Gas Losses (Major only).

This account shall include the amounts of inventory adjustments representing the cost of gas lost or unaccounted for in other storage operations due to shrinkage or other causes.

### 843.1 Maintenance supervision and engineering (Major only).

This account shall include the cost of labor and expenses incurred in the general supervision and direction of maintenance of other storage facilities. Direct field supervision of specific

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jobs shall be charged to the appropriate maintenance account. (See operating expense instruction 1.)

843.2 **Maintenance of structures and improvements (Major only).**

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of structures, the book cost of which is includible in account 361, Structures and Improvements. (See operating expense instruction 2.)

843.3 **Maintenance of gas holders (Major only).**

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of gas holders, the book cost of which is includible in account 362, Gas Holders. (See operating expense instruction 2.)

843.4 **Maintenance of purification equipment (Major only).**

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of purification equipment, the book cost of which is includible in account 363, Purification Equipment. (See operating expense instruction 2.)

843.5 **Maintenance of liquefaction equipment (Major only).**

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of liquefaction equipment, the book cost of which is includible in account 363.1, Liquefaction Equipment. (See operating expense instruction 2.)

843.6 **Maintenance of vaporizing equipment (Major only).**

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of vaporizing equipment, the book cost of which is includible in account 363.2, Vaporizing Equipment. (See operating expense instruction 2.)

843.7 **Maintenance of compressor equipment (Major only).**

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of compressor equipment, the book cost of which is includible in account 363.3, Compressor Equipment. (See operating expense instruction 2.)

843.8 **Maintenance of measuring and regulating equipment (Major only).**

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of measuring and regulating equipment, the book cost of which is includible in account 363.4, Measuring and Regulating Equipment. (See operating expense instruction 2.)

843.9 **Maintenance of other equipment (Major only).**

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment the book cost of which is includible in account 363.5, Other Equipment. (See operating expense instruction 2.)

844.1 **Operations supervision and engineering (Major only).**

This account shall include the cost of labor and expenses incurred in the general supervision and direction of operations of liquefied natural gas facilities. Direct supervision of specific activities shall be charged to the appropriate operations accounts.

844.2 **LNG processing terminal labor and expenses (Major only).**

This account shall include the cost of labor, materials used and expenses incurred in operating liquefied natural gas processing equipment.

ITEMS

*Labor*

1. Supervising.
2. Operating, checking, lubricating, cleaning, and polishing equipment, machinery, valves, instruments, and other processing equipment.
3. Reading meters, gauges and other instruments, changing charts, preparing operating reports, etc.
4. Inspecting and testing equipment when not specifically for repairs or replacement of parts.
5. Cleaning structures housing equipment, cutting grass and weeds, and doing minor grading work around structures and equipment.

6. Cleaning and repairing hand tools used for operations, etc.
7. Operating offshore facilities such as piers, docks, loading and unloading arms, water craft, etc.

*Materials and expenses*

8. Charts for pressure gauges and meters, printed forms, office supplies, etc.
9. Lubricants, wiping rags, cleaning materials, etc.
10. Janitor and washroom supplies, landscaping supplies, etc.
11. Employee travel and transportation expenses.
12. Freight, express, parcel post, trucking, and other transportation.
13. Utility services: light, water, and telephone.
14. Chemicals.
15. Refrigerants.
16. Small hand tools.

### 844.3 Liquefaction processing labor and expenses (Major only).

This account shall include the cost of labor, materials used and expenses incurred in operating natural gas liquefaction equipment.

Items

*Labor*

1. Supervising.
2. Operating, checking, lubricating, cleaning, and polishing equipment, machinery, valves, instruments, and other processing equipment.
3. Reading meters, gauges and other instruments, changing charts, preparing operating reports, etc.
4. Inspecting and testing equipment when not specifically for repairs or replacement of parts.
5. Cleaning structures housing equipment, cutting grass and weeds, and doing minor grading work around structures and equipment.
6. Cleaning and repairing hand tools used for operations, etc.
7. Operating offshore facilities such as piers, docks, loading and unloading arms, water craft, etc.

*Materials and expenses*

8. Charts for pressure gauges and meters, printed forms, office supplies, etc.
9. Lubricants, wiping rags, cleaning materials, etc.
10. Janitor and washroom supplies, landscaping supplies, etc.
11. Employee travel and transportation expenses.
12. Freight, express, parcel post, trucking, and other transportation.
13. Utility services: light, water, and telephone.
14. Chemicals.
15. Refrigerants.
16. Small hand tools.

### 844.4 LNG transportation labor and expenses (Major only).

This account shall include the cost of labor, materials used and expenses incurred in operating LNG transportation equipment.

Items

*Labor*

1. Supervision.
2. Operating LNG maritime tankers, LNG barges, LNG tank trucks and other LNG transportation equipment.
3. Cleaning and lubricating equipment.
4. Inspecting and testing equipment.

*Materials and expenses*

5. Charts, printed forms, office supplies etc.
6. Dry dock charges.
7. Lubricants, wiping rags, cleaning materials, etc.
8. Employee's transportation travel and temporary housing expenses.

### 844.5 Measuring and regulating labor and expenses (Major only).

This account shall include the cost of labor, materials used and expenses incurred in operating, measuring and regulating stations in connection with liquefied natural gas operations.

Items

*Labor*

1. Supervising.
2. Recording pressures and changing charts, reading meters, etc.
3. Estimating lost meter registrations, etc., except gas purchases and sales.
4. Calculating gas volumes from meter charts, except gas purchases and sales.
5. Adjusting and calibrating measuring equipment, changing meters, orifice plates, gauges, clocks, etc., not in connection with construction or maintenance.
6. Testing gas samples, determining specific gravity and Btu content of gas.
7. Inspecting and testing equipment not specifically to determine necessity for repairs including pulsation tests.
8. Cleaning and lubricating equipment.
9. Keeping log and other operating records, preparing records of operations, etc.
10. Attending boilers and operating other accessory equipment.
11. Installing and removing district gauges for pressure survey.

12. Thawing freeze in gauge pipe.

13. Inspecting and pumping drips, dewatering manholes and pits, inspecting sumps, cleaning pits, blowing meter drips, etc.

14. Moving equipment, minor structures, etc., not in connection with maintenance or construction.

*Materials and expenses*

15. Charts and printed forms.

16. Lubricants, wiping rags, waste.

17. Employees' transportation and travel expense.

18. Freight, express, parcel post, trucking and other transportation.

19. Utility services: light, water, telephone.

### 844.6 Compressor station labor and expenses (Major only).

This account shall include the cost of labor, materials used and expenses incurred, including fuel and power, in operating compressor stations in connection with liquefied natural gas operations.

ITEMS

*Labor*

1. Supervising.

2. Operating and checking engines, equipment valves, machinery, gauges, and other instruments, including cleaning, wiping, polishing, and lubricating.

3. Operating boilers and boiler accessory equipment, including fuel handling, recording fuel used, etc.

4. Repacking valves and replacing gauge glasses, etc.

5. Recording pressures, replacing charts, keeping logs, and preparing reports of station operations.

6. Pumping drips at the station.

7. Taking dew point readings.

8. Testing water.

9. Cleaning structures housing equipment, cutting grass and weeds, and minor grading around station.

10. Cleaning and repairing hand tools used in operations.

11. Driving trucks.

12. Watching during shutdowns.

13. Clerical work at station.

*Materials and expenses*

14. Scrubber oil.

15. Lubricants, wiping rags, waste.

16. Charts and printed forms, etc.

17. Gauge glasses.

18. Chemicals to treat water.

19. Water tests and treatment by other than employees.

20. Janitor and washroom supplies, first aid supplies, landscaping supplies, etc.

21. Employees' transportation and travel expenses.

22. Freight, express, parcel post, trucking and other transportation.

23. Utility services: light, water, telephone.

### 844.7 Communication system expenses (Major only).

This account shall include the cost of labor, materials used and expenses incurred in connection with the operation of liquefied natural gas communications facilities, such as radio, telephone, microwave and other communication systems, including payments to others for communications services.

ITEMS

*Labor*

1. Supervising.

2. Operating switchboards, radio equipment, power generators, microwave equipment, etc. (except general office switchboards).

3. Tagging telephone poles.

4. Testing and replacing telephone batteries, radio tubes, etc.

5. Cutting weeds and grass along telephone rights-of-way and around structures and equipment.

6. Changing radio frequencies.

7. Securing FCC authorization to change frequencies.

8. Taking FCC radio operator tests.

9. Transferring mobile radios between vehicles and/or vessels.

10. Changing locations of telephones and other communications equipment not in connection with maintenance or construction.

11. Inspecting and testing not specifically to determine necessity for repairs.

12. Cleaning and lubricating equipment.

13. Cleaning structures housing equipment.

*Materials and expenses*

14. Payments to others for communications services.

15. Telephone batteries, radio tubes and other electronic components.

16. Radio crystals and other materials used in changing radio frequencies.

17. Lubricants, wiping rags, and waste.

18. Employees' transportation and travel expenses.

19. Freight, express, parcel post, trucking and other transportation.

### 844.8 System control and load dispatching (Major only).

This account shall include the cost of labor and expenses incurred in dispatching and controlling the supply and flow of liquefied gas and vaporized gas prior to introduction of such vaporized gas into the utility's transmission or distribution system.

ITEMS

*Labor*

1. Supervising.
2. Analysis of pressures for irregularities, as received.
3. Collecting pressures by telephone and radio.
4. Controlling mixture of various gases to maintain proper Btu content.
5. Correspondence and records, typing and maintaining files.
6. Controlling inputs and withdrawals of liquefied gas for processing.
7. Instructing field men to increase or decrease pressures at regulators.
8. Maintaining pressures at compressor stations, key line junctions and regulating stations to divide the available gas during heavy demand periods.
9. Maintaining pressure log sheets.
10. Maintaining proper compression ratios at compressor stations, consistent with economical operations.
11. Maintaining lowest necessary line pressures consistent with satisfactory service.
12. Requesting pressure changes at compressor stations, regulating stations, and key line junctions.
13. Rerouting gas during emergencies and planned shutdowns.

*Materials and expenses*

14. Consultants' fees and expenses.
15. Meals, traveling and incidental expenses in connection with system load dispatching.
16. Office supplies, stationery and printed forms.
17. Transportation: company and rental vehicles.
18. Utility services: light, water, telephone.

### 845.1 Fuel (Major only).

A. This account shall include the cost of gas or other fuel used for the operation of liquefied natural gas terminaling and processing facilities, except compressor station fuel.

B. Concurrent credits offsetting charges to this account for natural gas used for fuel shall be made to account 812, Gas Used for Other Utility Operations—Credit.

### 845.2 Power (Major only).

This account shall include the cost of purchased power used in operation of liquefied natural gas processing facilities, except compressor station power.

### 845.3 Rents (Major only).

This account shall include rents for property of others used, occupied or operated in connection with liquefied natural gas processing operations. (See operating expense instruction 3.)

### 845.4 Demurrage charges (Major only).

This account shall include demurrage charges incurred by the utility relative to LNG shipments received or processed by the utility.

### 845.5 Wharfage receipts—Credit (Major only).

This account shall include wharfage receipts received or receivable from LNG shippers or other parties relative to LNG shipments received or processed by the utility.

### 845.6 Processing of liquefied or vaporized gas by others (Major only).

A. This account shall include amounts paid to others for the processing of liquefied or vaporized gas of the utility.

B. Records supporting this account shall be so maintained that there shall be readily available for each agreement, the name of the other party, Mcf or Btu, as appropriate, of gas delivered to the other party for processing and the Mcf or Btu, as appropriate, of gas received back by the utility after processing, points of delivery to and receipt of gas from the other party, amount and basis of charges for the processing service.

NOTE: If in connection with any gas delivered to another for processing such other party also processes the gas for extraction of gasoline or other salable products, credits attributable to the products so extracted shall be made to account 491, Revenues from Natural Gas Processed by Others, to the end that amounts recorded in this account shall only be charges for processing other than for extraction of salable products.

### 846.1 Gas losses (Major only).

This account shall include the amounts of inventory adjustments representing the cost of gas lost or unaccounted for in liquefied natural gas operations due to cumulative inaccuracies of gas measurements or other causes. (See paragraph E of account 164.3, Liquefied Natural Gas Held for Processing.) If, however, any adjustment is substantial, the utility may, with approval of the Commission, amortize the amount of the adjustment to this account over future operating periods.

**846.2 Other expenses (Major only).**

This account shall include the cost of labor, materials used, and expenses incurred in operating liquefied natural gas plant not includible elsewhere.

**847.1 Maintenance supervision and engineering (Major only).**

This account shall include the cost of labor and expenses incurred in the general supervision and direction of maintenance of liquefied natural gas terminaling and processing facilities. Direct field supervision of specific jobs shall be charged to the appropriate maintenance accounts. (See operating expense instruction 1.)

**847.2 Maintenance of structures and improvements (Major only).**

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of structures and improvements, the book cost of which is included in account 364.2, Structures and Improvements. (See operating expense instruction 2.)

**847.3 Maintenance of LNG processing terminal equipment (Major only).**

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of LNG terminal processing equipment, the book cost of which is included in account 364.3, LNG Processing Terminal Equipment. (See operating expense instruction 2.)

**847.4 Maintenance of LNG transportation equipment (Major only).**

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of transportation equipment, the book cost of which is included in account 364.4, LNG Transportation Equipment. (See operating expense instruction 2.)

**847.5 Maintenance of measuring and regulating equipment (Major only).**

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of measuring and regulating equipment, the book cost of which is included in account 364.5, Measuring and Regulating Equipment. (See operating expense instruction 2.)

**847.6 Maintenance of compressor station equipment (Major only).**

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of compressor station equipment, the book cost of which is included in account 364.6, Compressor Station Equipment. (See operating expense instruction 2.)

**847.7 Maintenance of communication equipment (Major only).**

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of communication equipment, the book cost of which is included in account 364.7, Communication Equipment. (See operating expense instruction 2.)

**847.8 Maintenance of other equipment (Major only).**

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is included in account 364.8, Other Equipment. (See operating expense instruction 2.)

**850 Operation supervision and engineering.**

A. For Major companies, this account shall include the cost of labor and expenses incurred in the general supervision and direction of the operation of transmission facilities. Direct supervision of specific activities such as operation of transmission lines, compressor stations, etc. shall be charged to the appropriate account. (See operating expense instruction 1.)

B. For Nonmajor companies, this account shall include the cost of supervision and labor in the operation of lines, compressor stations, and other equipment of the transmission system.

Items (Nonmajor only)

1. Load dispatching labor.
2. Transmission communication system labor.
3. Compressor station labor.
4. Mains labor.
5. Measuring and regulating station labor.
6. Miscellaneous labor.

### 851 System control and load dispatching (Major only).

This account shall include the cost of labor and expenses incurred in dispatching and controlling the supply and flow of gas through the system.

Items

*Labor:*

1. Supervising.
2. Analyses of pressures for irregularities, as received.
3. Collecting pressures by telephone and radio.
4. Controlling mixture of various gases to maintain proper Btu content.
5. Correspondence and records, typing and maintaining files.
6. Controlling production and storage inputs and withdrawals.
7. Instructing field men to increase or decrease pressures at regulators.
8. Maintaining pressures at compressor stations, key line junctions and regulating stations to divide the available gas during heavy demand periods.
9. Maintaining pressure log sheets.
10. Maintaining proper compression ratios at compressor stations, consistent with economical operations.
11. Maintaining lowest necessary line pressures consistent with satisfactory service.
12. Maintaining well operation record by well classification.
13. Requesting pressure changes at compressor stations, regulating stations, and key line junctions.
14. Rerouting gas during emergencies and planned shut downs.

*Materials and expenses:*

15. Consultants' fees and expenses.
16. Meals, traveling, and incidental expenses in connection with system load dispatching.
17. Office supplies, stationery and printed forms.
18. Transportation: company and rental vehicles.
19. Utility services: light, water, telephone.

### 852 Communication system expenses (Major only).

A. This account shall include the cost of labor, materials used and expenses incurred in connection with the operation of transmission communications facilities, such as radio and telephone communications systems, including payments to others for communications services for transmission and load dispatching operations.

B. Credits shall be made to this account and charges made to production, distribution and other gas utility functions and to other utility departments for equitable portions of transmission communications expenses attributable to use of transmission communications facilities other than in connection with gas transmission and load dispatching operation.

Items

*Labor:*

1. Supervising.
2. Operating switchboards, radio equipment, power generators, microwave equipment, etc. (except general office switchboards.)
3. Tagging telephone poles.
4. Testing and replacing telephone batteries, radio tubes, etc.
5. Cutting weeds and grass along telephone rights-of-way and around structures and equipment.
6. Changing radio frequencies.
7. Securing FCC authorization to change frequencies.
8. Taking FCC radio operator tests.
9. Transferring mobile radios between vehicles.
10. Changing locations of telephones and other communications equipment not in connection with maintenance or construction.
11. Inspecting and testing not specifically to determine necessity for repairs.
12. Cleaning and lubricating equipment.
13. Cleaning structures housing equipment.

*Materials and expenses:*

14. Payments to others for communications services.
15. Telephone batteries, radio tubes, etc.
16 Radio crystals and other materials used in changing radio frequencies.
17. Lubricants, wiping rags, and waste.
18. Employees' transportation and travel expenses.
19. Freight, express, parcel post, trucking, and other transportation.

### 853 Compressor station labor and expenses (Major only).

This account shall include the cost of labor, materials used and expenses incurred (other than fuel and power) in operating transmission compressor stations.

ITEMS

*Labor:*

1. Supervising.

2. Operating and checking engines, equipment valves, machinery, gauges, and other instruments, including cleaning, wiping, polishing, and lubricating.

3. Operating boilers and boiler accessory equipment, including fuel handling and ash disposal, recording fuel used, and unloading and storing coal and oil.

4. Repacking valves and replacing gauge glasses, etc.

5. Recording pressures, replacing charts, keeping logs, and preparing reports of station operations.

6. Inspecting and testing equipment not specifically to determine necessity for repairs.

7. Pumping drips at the station.

8. Taking dew point readings.

9. Testing water.

10. Cleaning structures housing equipment, cutting grass and weeds, and minor grading around station.

11. Cleaning and repairing hand tools used in operations.

12. Driving trucks.

13. Watching during shut downs.

14. Clerical work at station.

*Materials and expenses:*

15. Scrubber oil.

16. Lubricants, wiping rags, and waste.

17. Charts and printed forms, etc.

18. Gauge glasses.

19. Chemicals to treat water.

20. Water tests and treatment by other than employees.

21. Janitor and washroom supplies, first aid supplies, landscaping supplies, etc.

22. Employees' transportation and travel expenses.

23. Freight, express, parcel post, trucking, and other transportation.

24. Utility services: light, water, telephone.

### 853.1 Compressor station fuel and power (Nonmajor only).

A. This account shall include the cost of gas, or other fuel or electricity, used for the operation of transmission compressor stations.

B. Records shall be maintained to show the Mcf of gas or quantity of each other type of fuel consumed or electricity used at each compressor station, and the cost of such fuel or power.

### 854 Gas for compressor station fuel (Major only).

A. This account shall include the cost of gas used for the operation of transmission compressor stations.

B. Records shall be maintained to show the Mcf of gas consumed at each compressor station, and the cost of such gas.

### 855 Other fuel and power for compressor stations (Major only).

A. This account shall include the cost of coal, oil, and other fuel, or electricity, used for the operation of transmission compressor stations, including applicable amounts of fuel stock expenses.

B. Records shall be maintained to show the quantity of each type of fuel consumed or electricity used at each compressor station, and the cost of such fuel or power. Respective amounts of fuel stock and fuel stock expenses shall be readily available.

NOTE: The cost of fuel, includible in this account, and related fuel stock expenses shall be charged initially to appropriate fuel accounts carried in accounts 151, Fuel Stock, and 152, Fuel Stock Expenses Undistributed, and cleared to this account on the basis of fuel used. See accounts 151 and 152 for the basis of fuel costs and includible fuel stock expenses.

### 856 Mains expenses (Major only).

This account shall include the cost of labor, materials used and expenses incurred in operating transmission mains.

ITEMS

*Labor:*

1. Supervising.

2. Walking or patrolling lines.

3. Attending valves, lubricating valves and other equipment, blowing and cleaning lines and drips, draining water from lines, operating and cleaning scrubbers, thawing freezes.

4. Taking line pressures, changing pressure charts, operating alarm gauges.

5. Building and repairing gate boxes, foot bridges, stiles, etc., used in line operations, erecting line markers and warning signs, repairing old line roads.

6. Cleaning debris, cutting grass and weeds on rights-of-way.

7. Inspecting and testing not specifically to determine necessity for repairs.

8. Protecting utility property during work by others.

9. Standby time of emergency crews, responding to fire calls, etc.
10. Locating valve boxes or drip riser boxes.
11. Cleaning and repairing tools used in mains operations, making tool chests, etc.
12. Cleaning structures and equipment.
13. Driving trucks.

*Materials and expenses:*

14. Line markers and warning signs.
15. Lumber, nails, etc., used in building and repairing gate boxes, foot bridges, stiles, etc.
16. Charts.
17. Scrubber oil.
18. Hand tools.
19. Lubricants, wiping rags, waste, etc.
20. Freight, express, parcel post, trucking and other transportation.
21. Employees' transportation and travel expenses.
22. Janitor and washroom supplies.
23. Utility services: light, water, telephone.
24. Gas used in mains operations.

### 857 Measuring and regulating station expenses (Major only).

This account shall include the cost of labor, materials used and expenses incurred in operating transmission measuring and regulating stations.

ITEMS

*Labor:*

1. Supervising.
2. Recording pressures and changing charts, reading meters, etc.
3. Estimating lost meter registrations, etc., except gas purchases and sales.
4. Calculating gas volumes from meter charts, except gas purchases and sales.
5. Adjusting and calibrating measuring equipment, changing meters, orifice plates, gauges, clocks, etc. not in connection with construction or maintenance.
6. Testing gas samples, inspecting and testing gas sample tanks and other meter engineers' equipment, determining specific gravity and Btu content of gas.
7. Inspecting and testing equipment not specifically to determine necessity for repairs including pulsation tests.
8. Cleaning and lubricating equipment.
9. Keeping log and other operating records, preparing reports of operations, etc.
10. Attending boilers and operating other accessory equipment.
11. Installing and removing district gauges for pressure survey.
12. Thawing freeze in gauge pipe.
13. Inspecting and pumping drips, dewatering manholes and pits, inspecting sumps, cleaning pits, etc., blowing meter drips.
14. Moving equipment, minor structures, etc., not in connection with maintenance or construction.

*Materials and expenses:*

15. Charts and printed forms.
16. Lubricants, wiping rags, waste.
17. Employees' transportation and travel expense.
18. Freight, express, parcel post, trucking and other transportation.
19. Utility services: light, water, telephone.

### 857.1 Operation supplies and expenses (Nonmajor only).

This account shall include the cost of supplies used and expenses incurred in connection with transmission system operating functions not provided for in any of the above accounts.

ITEMS

1. Consultants' fees and expenses.
2. Payments to others for transmission communications services.
3. Telephone batteries, radio tubes, radio crystals, etc.
4. Scrubber oil.
5. Charts and printed forms.
6. Gauge glasses.
7. Water treatment chemicals.
8. Water tests and treatment other than by employees.
9. Line markers and warning signs.
10. Lumber, nails, etc., used in building and repairing gate boxes, foot bridges, stiles, etc.
11. Lubricants, wiping rags, waste, etc.
12. Hand tools.
13. Freight, express, parcel post, trucking and other transportation.
14. Employees' transportation and travel expenses.
15. Janitor and washroom supplies, first aid supplies, etc.
16. Utility services; light, water, telephone.

### 858 Transmission and compression of gas by others.

A. This account shall include amounts paid to others for the transmission and compression of gas of the utility.

B. Records supporting this account shall be so maintained that there shall be readily available for each agreement, name of other party, Mcf of gas delivered to the other party for transmission or compression and the Mcf of gas received back by the utility after transmission or compression, points of delivery to and receipt of gas from other party, amount and basis of charges for the transmission or compression service.

NOTE: If in connection with any gas delivered to another for transmission or compression such other party also processes the gas for extraction of gasoline or other salable products, credits attributable to the products so extracted shall be made to account 491, Revenues from Natural Gas Processed by Others, to the end that amounts recorded in this account shall only be charged for transportation or compression service.

**859 Other expenses (Major only).**

This account shall inlcude the cost of labor, material used and expenses incurred in operating transmission system equipment and other transmission system expenses not includible in any of the foregoing accounts, including research, development, and demonstration expenses.

**860 Rents.**

This account shall include rents for property of others used, occupied or operated in connection with the operation of the transmission system. Include herein rentals paid for regulator sites, railroad crossings, rights-of-way, annual payments to governmental bodies and others for use of public or private lands, and reservations for rights-of-way. (See operating expense instruction 3.)

**861 Maintenance supervision and engineering (Major only).**

This account shall include the cost of labor and expenses incurred in the general supervision and direction of maintenance of transmission system facilities. Direct field supervision of specific jobs shall be charged to the appropriate maintenance accounts. (See operating expense instruction 1.)

**862 Maintenance of structures and improvements (Major only).**

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of structures, the book cost of which is includible in account 366, Structures and Improvements. (See operating expense instruction 2.)

**863 Maintenance of mains.**

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of mains, the book cost of which is includible in account 367, Mains. (See operating expense instruction 2.)

ITEMS

1. Supervising.
2. Electrolysis and leak inspection.
3. Installing and removing temporary lines, when necessitated by maintenance.
4. Lamping and watching while making repairs.
5. Lowering and changing location of lines, when the same pipe is used.
6. Protecting lines from fires, floods, landslides, etc.
7. Rocking creek crossings.

**864 Maintenance of compressor station equipment.**

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 368, Compressor Station Equipment. (See operating expense instruction 2.)

**865 Maintenance of measuring and regulating station equipment (Major only).**

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 369, Measuring and Regulating Station Equipment. (See operating expense instruction 2.)

**866 Maintenance of communication equipment (Major only).**

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 370, Communication Equipment. (See operating expense instruction 2.)

**867 Maintenance of other equipment (Major only).**

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 371, Other Equipment. (See operating expense instruction 2.)

**868 Maintenance of other plant (Nonmajor only).**

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of structures and equipment, the book cost of which is includible in accounts 366, 369, 370, and 371. (See operating expense instruction 2.)

**870 Operation supervision and engineering.**

This account shall include the cost of labor and expenses incurred in the general supervision and direction of distribution system operations. Direct supervision of specific activities such as load dispatching (Major only), mains operation, removing and resetting meters, etc., shall be charged to the appropriate account. (For Major companies, see operating expense instruction 1.)

**871 Distribution load dispatching (Major only).**

This account shall include the cost of labor, materials used and expenses incurred in dispatching and controlling the supply and flow of gas through the distribution system.

ITEMS

*Labor:*

1. Supervising.
2. Analyzing pressures for irregularities.
3. Collecting pressures by telephone and radio.
4. Controlling mixture of various gases to maintain proper Btu content.
5. Correspondence and records, typing and maintaining files.
6. Controlling gas-make and inputs to distribution system.
7. Maintaining pressures at key points to divide the available gas during heavy demand periods.
8. Maintaining pressure log sheets.
9. Maintaining lowest necessary line pressures consistent with satisfactory service.
10. Rerouting gas during emergencies and planned shut downs.

*Materials and expenses:*

11. Consultants' fees and expenses.
12. Meals, traveling, and incidental expenses.
13. Office supplies, stationery and printed forms.
14. Transportation: company and rented vehicles.
15. Utility services: light, water, telephone.

**872 Compressor station labor and expenses (Major only).**

This account shall include the cost of labor, materials used and expenses incurred in operating distribution compressor stations.

ITEMS

*Labor:*

1. Supervising.
2. Operating and checking engines, equipment valves, machinery, gauges, and other instruments, including cleaning, wiping, polishing and lubricating.
3. Operating boilers and boiler accessory equipment, including fuel handling and ash disposal, recording fuel used, and unloading and storing coal and oil.
4. Repacking valves and replacing gauge glasses, etc.
5. Recording pressures, replacing charts, keeping logs, and preparing reports of station operations.
6. Inspecting and testing equipment and instruments when not specifically to determine necessity for repairs or replacement of parts.
7. Pumping drips at the station.
8. Taking dew point readings.
9. Testing water.
10. Cleaning structures housing equipment, cutting grass and weeds, and doing minor grading around station.
11. Cleaning and repairing hand tools used in operations.
12. Driving trucks.
13. Watching during shut downs.
14. Clerical work at station.

*Materials and expenses:*

15. Scrubber oil.
16. Lubricants, wiping rags, and waste.
17. Charts and printed forms, etc.
18. Gauge glasses.
19. Chemicals to test water.
20. Water tests and treatment by other than employees.
21. Janitor and washroom supplies, first aid supplies, landscaping supplies, etc.
22. Employees' transportation and travel expenses.
23. Freight, express, parcel post, trucking, and other transportation.
24. Utility services: light, water, telephone.

**873 Compressor station fuel and power (Major only).**

A. This account shall include the cost of gas, coal, oil, or other fuel, or electricity, used for the operation of distribution compressor stations, including applicable amounts of fuel stock expenses.

B. Records shall be maintained to show the quantity of each type of fuel consumed or electricity used at each compressor station, and the cost of such fuel or power. Respective amounts of fuel stock and fuel stock expenses shall be readily available.

NOTE: The cost of fuel, except gas, and related fuel stock expenses shall be charged initially to appropriate fuel accounts carried in accounts 151, Fuel Stock, and 152, Fuel Stock Expenses Undistributed, and cleared to this account on the basis of fuel used. See accounts 151 and 152 for the basis of fuel costs and includible fuel stock expenses.

### 874 Mains and services expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating distribution system mains and services.

ITEMS

*Labor (Major only):*

1. Supervising.
2. Walking or patrolling lines.
3. Attending valves, lubricating valves and other equipment, blowing and cleaning lines and drips, draining water from lines, thawing freezes.
4. Taking line pressures, changing pressure charts, operating alarm gauges.
5. Building and repairing gate boxes, foot bridges, stiles, etc. used in distribution mains operations, erecting line markers and warning signs, etc.
6. Cleaning debris, cutting grass and weeds on rights-of-way.
7. Inspecting and testing equipment not specifically to determine necessity for repairs.
8. Protecting utility property during work by others.
9. Standby time of emergency crews, responding to fire calls, etc.
10. Locating and inspecting valve boxes or drip riser boxes, service lines, mains, etc.
11. Cleaning and repairing tools used in mains operations, making tool boxes, etc.
12. Cleaning structures and equipment.
13. Driving trucks used in mains and service operations.
14. Making routine leak survey.
15. Oil fogging.

*Labor (Nonmajor only):*

1. Mains and services labor.
2. Pumping station labor.
3. Measuring and regulating station labor.

*Materials and Expenses (Major and Nonmajor):*

1. Line markers and warning signs.
2. Lumber, nails, etc., used in building and repairing gate boxes (foot bridges, stiles tool boxes, etc.) (Major only).
3. Charts and printed forms.
4. Scrubber oils.
5. Hand tools.
6. Lubricants, wiping rags, waste, etc.
7. Freight, express, parcel post, trucking and other transportation.
8. Uniforms (Major only).
9. Employee transportation and travel expenses (Major only).
10. Janitor and washroom supplies (Major only).
11. Utility services: light, water, telephone (Major only).
12. Gas used in mains operation (Major only).
13. Oil for fogging.

### 875 Measuring and regulating station expenses—General (Major only).

This account shall include the cost of labor, materials used and expenses incurred in operating general distribution measuring and regulating stations.

ITEMS

*Labor:*

1. Supervising.
2. Recording pressures and changing charts, reading meters, etc.
3. Estimating lost meter registrations, etc except purchases and sales.
4. Calculating gas volumes from meter charts, except gas purchases and sales.
5. Adjusting and calibrating measuring equipment, changing meters, orifice plates gauges, clocks, etc.
6. Taking and testing gas samples, inspecting and testing valves, regulators, gas sample tanks and other meter engineers equipment, determining specific gravity and Btu content of gas.
7. Inspecting and testing equipment and instruments not specially to determine necessity for repairs, including pulsation tests.
8. Cleaning and lubricating equipment.
9. Keeping log and other operating records.
10. Attending boilers and operating other accessory equipment.
11. Installing and removing district gauges for pressure survey.
12. Thawing freeze in gauge pipe.
13. Inspecting and pumping drips, dewatering manholes and pits, inspecting sumps, cleaning pits, blowing meter drips, etc.
14. Moving equipment, minor structures, etc., not in connection with maintenance or construction.

*Materials and expenses:*

15. Charts and printed forms, stationery and office supplies, etc.
16. Lubricants, wiping rags, waste.
17. Uniforms.
18. Employee transportation and travel expenses.
19. Freight, express, parcel post, trucking and other transportation.
20. Utility services: light, water, telephone.

### 876 Measuring and regulating station expenses—Industrial (Major only).

This account shall include the cost of labor, materials used and expenses incurred in operating large measuring and regulating stations located on local distribution systems to serve specific commercial and industrial customers.

ITEMS

(See account 875 for items.)

### 877 Measuring and regulating station expenses—City gate check stations (Major only).

This account shall include the cost of labor, materials used and expenses incurred in operating measuring and regulating stations used to measure and regulate the receipt of gas at entry points to distribution systems.

NOTE: Pipe line companies shall include in the transmission functional classification city gate and main line industrial measuring and regulating stations, except that where pipe line companies measure deliveries of gas at entry points to their own distribution systems, they shall have the option, if consistently observed, of including such stations either in the transmission or distribution function for accounting purposes.

ITEMS

(See account 875 for items.)

### 878 Meter and house regulator expenses.

This account shall include the cost of labor, materials used and expenses incurred in connection with removing, resetting, changing, testing, and servicing customer meters and house regulators.

ITEMS

*Labor:*

(a) Removing, reinstalling, and changing or exchanging customer meters and house regulators:

1. Initiating or terminating service, including incidental meter reading (Major only).
2. Periodic replacement of meters and house regulators because of age (Major only).
3. Changing or exchanging meters and house regulators because of complaints or removal for inspection (Major only).
4. Resetting meters on existing connections (Major only).
5. Handling meters and house regulators to and from customer premises and meter shop (Major only).
6. Listing, tagging, and placing meter labels, etc., for removed and reset meters (Major only).
7. Changing position of meters or house regulators on the same premises (Major only).
8. Installing or removing blank linings (Major only).
9. Unproductive calls, etc (Major only).

(b) Turning on and turning off meters, except for failures of customers to pay bills:

10. Turning on meters, including necessary time to insure that gas lines are proper to use and that appliances are in usable condition (Major only).
11. Turning off meters including time to make safety precautions (Major only).

(c) Other:

12. Supervising (Major only).
13. Clerical work on meter history and associated equipment record cards, test cards, and reports.
14. Handling and recording meters for stock.
15. Inspecting and testing meters and house regulators.
16. Inspecting and adjusting meter testing equipment.
17. Driving trucks used in meter operations.

*Materials and expenses:*

18. Meter locks and seals.
19. Lubricants, wiping rags, waste, etc.
20. Uniforms (Major only).
21. Freight, express, parcel post, trucking, and other transportation.
22. Utility services: light, water, telephone, heating.
23. Office supplies, stationery and printing.
24. Employees' transportation expenses.
25. Janitor, washroom, first aid supplies, etc.

NOTE: The cost of the first setting of a meter or house regulator shall be charged to account 382, Meter Installations, or account 384, House Regulator Installations, as appropriate.

### 879 Customer installations expenses.

A. This account shall include the cost of labor, materials used and expenses incurred in work on customer premises other than expenses includible in account 878, Meter and House Regulator Expenses, including the cost of servicing customer-owned appliances when the cost of such work is borne by the utility.

B. Damage to customer equipment by employees of the utility whether incidental to the work or the result of negligence, shall be charged to the job on which the employee was engaged at the time of damage.

ITEMS

*Labor:*

1. Supervising (Major only).
2. Altering customer-owned service extensions or meter connections (Major only).
3. Investigating and correcting pressure difficulties or stoppages in customer-owned piping.
4. Adjusting and repairing burner pilots because of impurities in the gas or failure of the distribution system (Major only).
5. Oiling or spraying noisy customer meters (Major only).
6. Investigating and stopping gas leaks on customers' premises caused by defective meter, customer-owned piping, or customer appliances (Major only).
7. Inspecting new installations to determine that the customers' equipment and piping are properly installed and connected.
8. Consolidating meter installations, without change of size, due to elimination of separate meters for different service classifications.
9. Investigating and adjusting complaints of service on customers' premises (Major only).
10. Gas load surveys including the incidental preparations and replacement of meters.
11. Unproductive calls (Major only).
12. Stenographic and clerical work (Major only).
13. Janitorial services, etc (Major only).
14. Installing demand or test meters.
15. Inspecting, cleaning, repairing and adjusting customer-owned appliances for domestic, industrial, or commercial use, including house heating furnaces and other space heating appliances, hotel and restaurant appliances.
16. Replacing defective parts in customer-owned appliances and salvaging reusable appliance parts.

*Materials and expenses:*

17. Lubricants, wiping rags, waste, etc.
18. Uniforms.
19. Replacement parts for appliances.
20. Office supplies, printing and stationery.
21. Janitor, washroom, first aid supplies, etc.
22. Employees' transportation and trav expenses.
23. Utility services: light, water, telephone

NOTE: Amounts billed customers for any work, the cost of which is charged to this account, shall be credited to this account. Any excess over costs resulting therefrom shall be transferred to account 488, Miscellaneous Service Revenues.

**880 Other expenses (Major only).**

This account shall include the cost of distribution maps and records, distribution office expenses, and the cost of labor and materials used and expenses incurred in distribution systems operations not provided for elsewhere, including the expenses of operating street lighting systems and research, development, and demonstration expenses.

**880.1 Miscellaneous distribution expenses (Nonmajor only).**

This account shall include the cost of labor, materials used and expenses incurred, general distribution office work, preparation and maintenance of distribution maps and records, and other expenses not provided for elsewhere, including expenses of operating any street lighting systems.

**881 Rents.**

This account shall include rents for property of others used, occupied or operated in connection with the operation of the distribution system. Include herein rentals paid for regulator sites, railroad crossings, rights-of-way, annual payments to governmental bodies and others for use of public or private lands, and reservations for rights-of-way. (See operating expense instruction 3.)

**885 Maintenance supervision and engineering (Major only).**

This account shall include the cost of labor and expenses incurred in the general supervision and direction of maintenance of distribution system facilities. Direct field supervision of specific jobs shall be charged to the appropriate maintenance accounts. (See operating expense instruction 1.)

### 886 Maintenance of structures and improvements (Major only).

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of structures, the book cost of which is includible in account 375, Structures and Improvements. (See operating expense instruction 2.)

### 887 Maintenance of mains (Major only).

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of distribution mains, the book cost of which is includible in account 376, Mains. (See operating expense instruction 2.)

ITEMS

1. Supervising.
2. Trenching, backfilling, and breaking and restoring pavement in connection with the installation of leak or reinforcing clamps.
3. Work performed as the result of municipal improvements, such as street widening, sewers, etc., where the gas mains are not retired.
4. Municipal inspections relating to maintenance work.
5. Other work of the following character:
    a. Locating leaks incident to maintenance.
    b. Cutting off mains without replacement. (Minor cuts not retired.)
    c. Repairing leaking joints.
    d. Repairing broken mains.
    e. Repairing leaks on main drip riser or valve test pipe.
    f. Bringing main valve box, main drip riser box, valve test pipe box, or pressure pipe roadway box up to grade.
    g. Cleaning, repainting, coating, and wrapping exposed mains.
    h. Repacking main valves.
    i. Locating and clearing gas main faults.
    j. Lowering and changing location of mains.
    k. Trenching, backfilling, cutting-in or removal of pipe not retired in connection with the installation of leak clamps, valves, or drips.
    l. Watching and lamping open cuts associated with maintenance.
    m. Restoration of permanent pavement in connection with work chargeable to maintenance.
    n. Emergency stand-by time associated with maintenance.
    o. Repairing sewers, drains, walls, etc., when damaged by maintenance work.
    p. Making electrolysis tests to maintain life of plant.
    q. Repairing property of others damaged by maintenance work.

### 888 Maintenance of compressor station equipment (Major only).

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 377, Compressor Station Equipment. (See operating expense instruction 2.)

### 889 Maintenance of measuring and regulating station equipment—General (Major only).

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 378, Measuring and Regulating Station Equipment—General. (See operating expense instruction 2.)

### 890 Maintenance of measuring and regulating station equipment—Industrial (Major only).

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 385, Industrial Measuring and Regulating Station Equipment. (See operating expense instruction 2.)

### 891 Maintenance of measuring and regulating station equipment—City gate check stations (Major only).

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 379, Measuring and Regulating Station Equipment—City Gate Check Stations. (See operating expense instruction 2.)

### 892 Maintenance of services (Major only).

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of services, the book cost of which is includible in account 380, Services. (See operating expense instruction 2.)

ITEMS

1. Supervising.
2. Testing pipe for leaks and condition of wrapping.

3. Testing for, locating, and clearing trouble on company maintained services.

4. Inspecting and testing after repairs have been made.

5. Reporting on the condition of gas services to determine the need for repairs.

6. Making minor repairs and changes.

7. Rearranging and changing the location of services not retired.

8. Repairing service valves for reuse.

9. Stopping leaks on service pipes and drip risers.

10. Lowering and raising curb boxes to grade.

11. Replacing less than a complete service when not retired.

12. Installing fittings, valves, drips, frost protection devices, or replacing similar items on existing services.

13. Cutting and replacing pavement, pavement base and sidewalks in connection with maintenance work.

14. Restoring condition of services damaged by fire, storm, leakage, flood, accident or other casualties.

15. Repairing property of others damaged by maintenance work.

16. Transferring services in connection with the installation of new mains.

17. Installing, maintaining, and removing temporary facilities to prevent the interruption of service.

18. Converting low pressure gas distribution service to medium or high pressure service.

19. Relocating and rerouting gas service temporarily during alterations of buildings.

20. Performing work resulting from municipal improvements, such as street widening, sewers, etc.

21. Replacing service valve box or drip riser box.

22. Installing, removing or replacing service valve, drip pot, or drip riser.

23. Repacking service valve.

## 892.1 Maintenance of lines (Nonmajor only).

This account shall include the cost of labor, materials and supplies used and expenses incurred in the maintenance of plant the book cost of which is includible in accounts 376, 377, 378, 379, 380, and 385. (See operating expense instruction 2.)

### ITEMS

*Mains:*

1. Trenching, backfilling, and breaking and restoring pavement in connection with the installation of leak or reinforcing clamps.

2. Work performed as the result of municipal improvements such as street widening, sewers, etc., where the gas mains are not retired.

3. Municipal inspections relating to maintenance work.

4. Other work of the following character:

a. Locating leaks incident to maintenance.

b. Cutting off mains without replacement. (Minor cuts not retired.)

c. Repairing broken mains, leaking joints, leaking drip riser, etc.

d. Bringing main valve box, main drip riser box, valve test pipe box, or pressure pipe roadway box up to grade.

e. Cleaning, repainting, coating, and wrapping exposed mains.

f. Repacking main valves.

g. Lowering and changing location of mains.

h. Trenching, backfilling, cutting-in or removal of pipe not retired in connection with the installation of leak clamps, valves, or drips.

i. Restoration of permanent pavement in connection with work chargeable to maintenance.

j. Emergency stand-by time associated with maintenance.

k. Repairing sewers, drains, walls, etc. when damaged by maintenance work.

l. Making electrolysis tests to maintain life of plant.

m. Repairing property of others damaged by maintenance work.

Compressor station equipment: (See operating expense instruction 1.)

Measuring and regulating station equipment: (See operating expense instruction 1.)

*Services:*

5. Testing pipe for leaks, stoppage, or other trouble and making necessary repairs.

6. Reporting on the condition of gas services to determine the need for repairs.

7. Rearranging and changing the location of services not retired.

8. Repairing service valves for reuse.

9. Lowering and raising curb boxes to grade.

10. Replacing less than a complete service when not retired.

11. Installing fittings, valves, drips, frost protection devices, or replacing similar items on existing services.

12. Cutting and replacing pavement, pavement base and sidewalks in connection with maintenance work.

13. Restoring condition of services damaged by fire, storm, leakage, flood, accident or other casualties.

14. Repairing property of others damaged by maintenance work.

15. Transferring services in connection with the installation of new mains.

16. Installing, maintaining, and removing temporary facilities to prevent the interruption of service.

17. Converting low pressure gas distribution service to medium or high pressure service.
18. Relocating and rerouting gas service temporarily during alterations of buildings.
19. Performing work resulting from municipal improvements, such as street widening, sewers, etc.
20. Replacing service valve box or drip riser box.
21. Installing, removing or replacing service valve, drip pot, or drip riser.
22. Repacking service valve.

### 893 Maintenance of meters and house regulators.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of meters and house regulators, the book cost of which is includible in accounts 381, Meters, and 383, House Regulators. (See operating expense instruction 2.)

ITEMS

1. Inspecting and testing meters and house regulators on customers' premises or in shops in connection with repairs.
2. Cleaning, repairing, and painting meters, house regulators, and accessories and equipment.
3. Repairing testing equipment.
4. Rebuilding and overhauling meters without changing their rated capacities.
5. Resealing house regulators with mercury, replacing diaphragms, springs and other defective or worn parts.
6. Replacing or adding any item not constituting a retirement unit.

### 894 Maintenance of other equipment (Major only).

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of street lighting equipment and all other distribution system equipment not provided for elsewhere, the book cost of which is includible in accounts 386, Other Property on Customers' Premises, and 387, Other Equipment. (See operating expense instruction 2.)

### 895 Maintenance of other plant (Nonmajor only).

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of structures, and all other distribution system plant not provided for elsewhere, the book cost of which is includible in accounts 375, 386, and 387. (See operating expense instruction 2.)

ITEMS

1. Work of similar character to that listed in other distribution maintenance accounts.
2. Maintenance of office furniture and equipment used by distribution system department.

### 901 Supervision (Major only).

This account shall include the cost of labor and expenses incurred in the general direction and supervision of customer accounting and collecting activities. Direct supervision of a specific activity shall be charged to account 902, Meter Reading Expenses, or account 903, Customer Records and Collection Expenses, as appropriate. (See operating expense instruction 1.)

### 902 Meter reading expenses.

This account shall include the cost of labor, materials used and expenses incurred in reading customer meters, and determining consumption when performed by employees engaged in reading meters.

ITEMS

*Labor:*

1. Addressing forms for obtaining meter readings by mail.
2. Changing and collecting meter charts used for billing purposes.
3. Inspecting time clocks, checking seals, etc., when performed by meter readers and the work represents a minor activity incidental to regular meter reading routine.
4. Meter reading—small consumption, and obtaining load information for billing purposes. (Exclude and charge to account 878, Meter and House Regulator Expenses, or to account 903, Customer Records and Collection Expenses, as applicable, the cost of obtaining meter readings, first and final, if incidental to the operation of removing or resetting, sealing or locking, and disconnecting, or reconnecting meters.)
5. Measuring gas—large consumption, including reading meters, changing charts, calculating charts, estimating lost meter registrations, determining specific gravity, etc., for billing purposes.
6. Computing consumption from meter reader's book or from reports by mail when done by employees engaged in reading meters.
7. Collecting from prepayment meters when incidental to meter reading.
8. Maintaining record of customers' keys.

9. Computing estimated or average consumption when performed by employees engaged in reading meters.

*Materials and expenses:*

10. Badges, lamps, and uniforms.

11. Demand charts, meter books and binders and forms for recording readings, but not the cost of preparation.

12. Postage and supplies used in obtaining meter readings by mail.

13. Communication service (Nonmajor only).

14. Miscellaneous office supplies and expenses and stationery and printing (Nonmajor only).

### 903 Customer records and collection expenses.

This account shall include the cost of labor, materials used and expenses incurred in work on customer applications, contracts, orders, credit investigations, billing and accounting, collections and complaints.

ITEMS

*Labor:*

1. Receiving, preparing, recording and handling routine orders for service, disconnections, transfers or meter tests initiated by the customer, excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.

2. Investigations of customers' credit and keeping of records pertaining thereto, including records of uncollectible accounts written off.

3. Receiving, refunding or applying customer deposits and maintaining customer deposit, line extension, and other miscellaneous records.

4. Checking consumption shown by meter readers' reports where incidental to preparation of billing data.

5. Preparing address plates and addressing bills and delinquent notices.

6. Preparing billing data.

7. Operating billing and bookkeeping machines.

8. Verifying billing records with contracts or rate schedules.

9. Preparing bills for delivery, and mailing or delivering bills.

10. Collecting revenues, including collection from prepayment meters unless incidental to meter reading operations.

11. Balancing collections, preparing collections for deposit, and preparing cash reports.

12. Posting collections and other credits or charges to customer accounts and extending unpaid balances.

13. Balancing customer accounts and controls.

14. Preparing, mailing, or delivering delinquent notices and preparing reports of delinquent accounts.

15. Final meter reading of delinquent accounts when done by collectors incidental to regular activities.

16. Disconnecting and reconnecting services because of nonpayment of bills.

17. Receiving, recording, and handling of inquiries, complaints, and requests for investigations from customers, including preparation of necessary orders, but excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.

18. Statistical and tabulating work on customer accounts and revenues, but not including special analyses for sales department, rate department, or other general purposes, unless incidental to regular customer accounting routines.

19. Preparing and periodically rewriting meter reading sheets.

20. Determining consumption and computing estimated or average consumption when performed by employees other than those engaged in reading meters.

*Materials and expenses:*

21. Address plates and supplies.

22. Cash overages and shortages.

23. Commissions or fees to others for collecting.

24. Payments to credit organizations for investigations and reports.

25. Postage.

26. Transportation expenses, including transportation of customer bills and meter books under centralized billing procedure (Major only).

27. Transportation, meals, and incidental expenses.

28. Bank charges, exchange, and other fees for cashing and depositing customers checks.

29. Forms for recording orders for services, removals, etc.

30. Rent of mechanical equipment.

31. Communication service (Nonmajor only).

32. Miscellaneous office supplies and expenses and stationery and printing (Nonmajor only).

NOTE: The cost of work on meter history and meter location records is chargeable to account 878, Meter and House Regulator Expenses.

### 904 Uncollectible accounts.

This account shall be charged with amounts sufficient to provide for losses from uncollectible utility revenues. Concurrent credits shall be made to account 144, Accumulated Provision for Uncollectible Accounts—Credit.

Losses from uncollectible accounts shall be charged to account 144.

### 905 Miscellaneous customer accounts expenses (Major only).

This account shall include the cost of labor, materials used and expenses incurred not provided for in other accounts.

ITEMS

*Labor:*

1. General clerical and stenographic work.
2. Miscellaneous labor.

*Materials and expenses:*

3. Communication service.
4. Miscellaneous office supplies and expenses and stationery and printing other than those specifically provided for in accounts 902 and 903.

### 906 Customer service and informational expenses (Nonmajor only).

This account shall include the cost of supervision, labor, and expenses incurred in customer service and informational activities, the purpose of which is to encourage safe and efficient use of the utility's service, to encourage conservation of the utility's service, and to assist present customers in answering specific inquiries as to the proper and economic use of the utility's service and the customer's equipment utilizing the service.

### 907 Supervision (Major only).

This account shall include the cost of labor and expenses incurred in the general direction and supervision of customer service activities, the object of which is to encourage safe, efficient and economical use of the utility's service. Direct supervision of a specific activity within customer service and informational expense classification shall be charged to the account wherein the costs of such activity are included. (See operating expense instruction 1.)

### 908 Customer assistance expenses (Major only).

This account shall include the cost of labor, materials used, and expenses incurred in providing instructions or assistance to customers, the object of which is to promote safe, efficient and economical use of the utility's service.

ITEMS

*Labor:*

1. Direct supervision of department.
2. Processing customer inquiries relating to the proper use of gas equipment, the replacement of such equipment and information related to such equipment.
3. Advice directed to customers as to how they may achieve the most efficient and safest use of gas equipment.
4. Demonstrations, exhibits, lectures, and other programs designed to instruct customers in the safe, economical or efficient use of gas service, and/or oriented toward conservation of energy.
5. Engineering and technical advice to customers, the object of which is to promote safe, efficient and economical use of the utility's service.

*Materials and expenses:*

6. Supplies and expenses pertaining to demonstrations, exhibits, lectures, and other programs.
7. Loss in value on equipment and appliances used for customer assistance programs.
8. Office supplies and expenses.
9. Transportation, meals, and incidental expenses.

NOTE: Do not include in this account expenses that are provided for elsewhere, such as accounts 416, Costs and Expenses of Merchandising, Jobbing and Contract Work, 879, Customer Installations Expenses, and 912, Demonstrating and Selling Expenses.

### 909 Informational and instructional advertising expenses (Major only).

This account shall include the cost of labor, materials used and expenses incurred in activities which primarily convey information as to what the utility urges or suggests customers should do in utilizing gas service to protect health and safety, to encourage environmental protection, to utilize their gas equipment safely and economically, or to conserve natural gas.

ITEMS

*Labor:*

1. Direct supervision of informational activities.
2. Preparing informational materials for newspapers, periodicals, billboards, etc., and preparing and conducting informational motion pictures, radio and television programs.
3. Preparing informational booklets, bulletins, etc., used in direct mailings.

4. Preparing informational window and other displays.

5. Employing agencies, selecting media and conducting negotiations in connection with the placement and subject matter of information programs.

*Materials and expenses:*

6. Use of newspapers, periodicals, billboards, radio, etc., for informational purposes.

7. Postage on direct mailings to customers exclusive of postage related to billings.

8. Printing of informational booklets, dodgers, bulletins, etc.

9. Supplies and expenses in preparing informational materials by the utility.

10. Office supplies and expenses.

Note A: Exclude from this account and charge to account 930.2, Miscellaneous General Expenses, the cost of publication of stockholder reports, dividend notices, bond redemption notices, financial statements, and other notices of a general corporate character. Exclude also all expenses of a promotional, institutional, goodwill or political nature, which are includible in such accounts as 913, Advertising Expenses, 930.1, General Advertising Expenses, and 426.4, Expenditures for Certain Civic, Political and Related Activities.

Note B: Entries relating to informational advertising included in this account shall contain or refer to supporting documents which identify the specific advertising message. If references are used, copies of the advertising message shall be readily available.

### 910 Miscellaneous customer service and informational expenses (Major only).

This account shall include the cost of labor, materials used and expenses incurred in connection with customer service and informational activities which are not includible in other customer information expense accounts.

ITEMS

*Labor:*

1. General clerical and stenographic work not assigned to specific customer service and information programs.

2. Miscellaneous labor.

*Materials and expenses:*

3. Communication service.

4. Printing, postage and office supplies expenses.

### 911 Supervision (Major only).

This account shall include the cost of labor and expenses incurred in the general direction and supervision of sales activities, except merchandising. Direct supervision of a specific activity, such as demonstrating, selling, or advertising shall be charged to the account wherein the costs of such activity are included. (See operating expense instruction 1.)

### 912 Demonstrating and selling expenses (Major only).

This account shall include the cost of labor, materials used and expenses incurred in promotional, demonstrating, and selling activities, except by merchandising, the object of which is to promote or retain the use of utility services by present and prospective customers.

ITEMS

*Labor:*

1. Demonstrating uses of utility services.

2. Conducting cooking schools, preparing recipes, and related home service activities.

3. Exhibitions, displays, lectures, and other programs designed to promote use of utility services.

4. Experimental and development work in connection with new and improved appliances and equipment, prior to general public acceptance.

5. Solicitation of new customers or of additional business from old customers, including commissions paid employees.

6. Engineering and technical advice to present or prospective customers in connection with promoting or retaining the use of utility services.

7. Special customer canvasses when their primary purpose is the retention of business or the promotion of new business.

*Materials and expenses:*

8. Supplies and expenses pertaining to demonstration, and experimental and development activities.

9. Booth and temporary space rental.

10. Loss in value on equipment and appliances used for demonstration purposes.

11. Transportation, meals, and incidental expenses.

### 913 Advertising expenses (Major only).

This account shall include the cost of labor, materials used and expenses incurred in advertising designed to promote or retain the use of utility service, except advertising the sale of merchandise by the utility.

ITEMS

*Labor:*

1. Direct supervision of department.

2. Preparing advertising material for newspapers, periodicals, billboards, etc., and preparing and conducting motion pictures, radio and television programs.

3. Preparing booklets, bulletins, etc., used in direct mail advertising.

4. Preparing window and other displays.

5. Clerical and stenographic work.

6. Investigating advertising agencies and media and conducting negotiations in connection with the placement and subject matter of sales advertising.

*Materials and expenses:*

7. Advertising in newspapers, periodicals, billboards, radio, etc., for sales promotion purposes, but not including institutional or goodwill advertising includible in account 930.1, General Advertising Expenses.

8. Materials and services given as prizes or otherwise in connection with canning, or cooking contests, bazaars, etc., in order to publicize and promote the use of utility services.

9. Fees and expenses of advertising agencies and commercial artists.

10. Novelties for general distribution.

11. Postage on direct mail advertising.

12. Premiums distributed generally, such as recipe books, etc., when not offered as inducement to purchase appliances.

13. Printing booklets, dodgers, bulletins, etc.

14. Supplies and expenses in preparing advertising material.

15. Office supplies and expenses.

NOTE A: The cost of advertisements which set forth the value or advantages of utility service without reference to specific appliances, or, if reference is made to appliances, invites the reader to purchase appliances from his dealer, or refer to appliances not carried for sale by the utility, shall be considered sales promotion advertising and charged to this account. However, advertisements which are limited to specific makes of appliances sold by the utility and prices, terms, etc., thereof, without referring to the value or advantages of utility service, shall be considered as merchandise advertising and the cost shall be charged to Costs and Expenses of Merchandising, Jobbing and Contract Work, accounts 416.

NOTE B: Advertisements which substantially mention or refer to the value or advantages of utility service, together with specific reference to makes of appliances sold by the utility and the price, terms, etc., thereof, and designed for the joint purpose of increasing the use of utility service and the sales of appliances, shall be considered as a combination advertisement and the costs shall be distributed between this account and account 416 on the basis of space, time, or other proportional factors.

NOTE C: Exclude from this account and charge to account 930.2, Miscellaneous General Expenses, the cost of publication of stockholder reports, dividend notices, bond redemption notices, financial statements, and other notices of a general corporate character. Exclude also all institutional or goodwill advertising. (See account 930.1, General Advertising Expenses.)

### 914—915 [Reserved]

### 916 Miscellaneous sales expenses (Major only).

This account shall include the cost of labor, materials used and expenses incurred in connection with sales activities, except merchandising, which are not includible in other sales expense accounts.

ITEMS

*Labor:*

1. General clerical and stenographic work not assigned to specific functions.

2. Special analysis of customer accounts and other statistical work for sales purposes not a part of the regular customer accounting and billing routine.

3. Miscellaneous labor.

*Materials and expenses:*

4. Communication service.

5. Printing, postage, and office supplies and expenses applicable to sales activities, except those chargeable to account 913, Advertising Expenses.

### 917 Sales expenses (Nonmajor only).

This account shall include the cost of labor and expenses incurred for the purpose of promoting the sale of gas, other than merchandising, jobbing, or contract work activities.

ITEMS

1. Advertising.
2. Demonstrating uses of utility service.
3. Home service activities.
4. Solicitation of new business.

### 920 Administrative and general salaries.

A. This account shall include the compensation (salaries, bonuses, and other consideration for services, but not including directors' fees) of officers, executives, and other employees of the utility properly chargeable to utility operations and not chargeable directly to a particular operating function.

B. This account may be subdivided in accordance with a classification appropriate to the departmental or other functional organization of the utility.

### 921 Office supplies and expenses.

A. This account shall include office supplies and expenses incurred in connection with the general administration of the utility's operations which are assignable to specific administrative or general departments and are not specifically provided for in other accounts. This includes the expenses of the various administrative and general departments, the salaries and wages of which are includible in account 920.

B. This account may be subdivided in accordance with a classification appropriate to the departmental or other functional organization of the utility.

Note: Office expenses which are clearly applicable to any group of operating expenses other than the administrative and general group shall be included in the appropriate account in such group. Further, general expenses which apply to the utility as a whole rather than to a particular administrative function shall be included in account 930.2, Miscellaneous General Expenses.

**Items**

1. Automobile service, including charges through clearing account.
2. Bank messenger and service charges.
3. Books, periodicals, bulletins and subscriptions to newspapers, newsletters, tax services, etc.
4. Building service expenses for customer accounts, sales, and administrative and general purposes.
5. Communication service expenses.
6. Cost of individual items of office equipment used by general departments which are of small value or short life.
7. Membership fees and dues in trade, technical, and professional associations paid by a utility for employees. (Company memberships are includible in account 930.2.)
8. Office supplies and expenses.
9. Payment of court costs, witness fees, and other expenses of legal department.
10. Postage, printing and stationery.
11. Meals, traveling and incidental expenses.

### 922 Administrative expenses transferred—Credit.

This account shall be credited with administrative expenses recorded in accounts 920 and 921 which are transferred to construction costs or to nonutility accounts. (See gas plant instruction 4.)

### 923 Outside services employed.

A. This account shall include the fees and expenses of professional consultants and others for general services which are not applicable to a particular operating function or to other accounts. It shall include also the pay and expenses of persons engaged for a special or temporary administrative or general purpose in circumstances where the person so engaged is not considered as an employee of the utility.

B. This account shall be so maintained as to permit ready summarization according to the nature of service and the person furnishing the same.

**Items**

1. Fees, pay and expenses of accountants and auditors, actuaries, appraisers, attorneys, engineering consultants, management consultants, negotiators, public relations counsel, tax consultants, etc.
2. Supervision fees and expenses paid under contracts for general management services.

Note: Do not include inspection and brokerage fees and commissions chargeable to other accounts or fees and expenses in connection with security issues which are includible in the expenses of issuing securities.

### 924 Property insurance.

A. This account shall include the cost of insurance or reserve accruals to protect the utility against losses and damages to owned or leased property used in its utility operations. For Major companies, it shall include also the cost of labor and related supplies and expenses incurred in property insurance activities.

B. Recoveries from insurance companies or others for property damages shall be credited to the account charged with the cost of the damage. If the damaged property has been retired, the credit shall be to the appropriate account for accumulated provision for depreciation.

C. Records shall be kept so as to show the amount of coverage for each class of insurance carried, the property covered, and the applicable premiums. Any dividends distributed by mutual insurance companies shall be credited to the accounts to which the insurance premiums were charged.

ITEMS

1. Premiums payable to insurance companies for fire, storm, burglary, boiler explosion, lightning, fidelity, riot, and similar insurance.
2. Amounts credited to account 228.1, Accumulated Provision for Property Insurance; for similar protection.
3. Special costs incurred in procuring insurance.
4. Insurance inspection service.
5. Insurance counsel, brokerage fees, and expenses.

NOTE A: The cost of insurance or reserve accruals capitalized shall be charged to construction either directly or by transfer to construction work orders from this account.

NOTE B: The cost of insurance or reserve accruals for the following classes of property shall be charged as indicated.

(1) Materials and supplies and stores equipment, to account 163, Stores Expense Undistributed (stores expenses in the case of Nonmajor companies) or appropriate materials account.
(2) For Major companies, transportation and other general equipment to appropriate clearing accounts that may be maintained. For Nonmajor companies, transportation and garage equipment, to account 933, Transportation expenses.
(3) Gas plant leased to others, to account 413, Expenses of Gas Plant Leased to Others.
(4) Nonutility property, to the appropriate nonutility income account.
(5) Merchandise and jobbing property, to account 416, Costs and Expenses of Merchandising, Jobbing and Contract Work.

NOTE C (MAJOR ONLY): The cost of labor and related supplies and expenses of administrative and general employees, who are only incidentally engaged in property insurance work, may be included in accounts 920 and 921, as appropriate.

### 925 Injuries and damages.

A. This account shall include the cost of insurance or reserve accruals to protect the utility against injuries and damages claims of employees or others, losses of such character not covered by insurance, and expenses incurred in settlement of injuries and damages claims. For Major companies, it shall also include the cost of labor and related supplies and expenses incurred in injuries and damages activities.

B. Reimbursements from insurance companies or others for expenses charged hereto on account of injuries and damages and insurance dividends or refunds shall be credited to this account.

ITEMS

1. Premiums payable to insurance companies for protection against claims from injuries and damages by employees or others, such as public liability, property damages, casualty, employee liability, etc., and amounts credited to account 228.2, Accumulated Provision for Injuries and Damages; for similar protection.
2. Losses not covered by insurance or reserve accruals on account of injuries or deaths to employees or others and damages to the property of others.
3. Fees and expenses of claim investigators.
4. Payment of awards to claimants for court costs and attorneys' services.
5. Medical and hospital service and expenses for employees as the result of occupational injuries, or resulting from claims of others.
6. Compensation payments under workmen's compensation laws.
7. Compensation paid while incapacitated as the result of occupational injuries. (See Note A.)
8. Cost of safety, accident prevention and similar educational activities.

NOTE A: Payments to or in behalf of employees for accident or death benefits, hospital expenses, medical supplies or for salaries while incapacitated for service or on leave of absence beyond periods normally allowed, when not the result of occupational injuries, shall be charged to account 926, Employee Pensions and Benefits. (See also Note B of account 926.)

NOTE B: The cost of injuries and damages or reserve accruals capitalized shall be charged to construction directly or by transfer to construction work orders from this account.

NOTE C: Exclude herefrom the time and expenses of employees (except those engaged in injuries and damages activities) spent in attendance at safety and accident prevention educational meetings, if occurring during the regular work period.

NOTE D: The cost of labor and related supplies and expenses of administrative and general employees, who are only incidentally engaged in injuries and damages activities, may be included in accounts 920 and 921, as appropriate.

### 926 Employee pensions and benefits.

A. This account shall include pensions paid to or on behalf of retired employees, or accruals to provide for pensions, or payments for the purchase of annuities for this purpose, when the utility has definitely, by contract, committed itself to a pension plan under which the pension funds are irrevocably devoted to pension purposes, and payments for employee accident, sickness, hospital, and death benefits, or insurance therefor. Include, also, expenses incurred in medical, educational or recreational activities for the benefit of employees, and administrative expenses in connection with employee pensions and benefits.

B. The utility shall maintain a complete record of accruals or payments for pensions and be prepared to furnish full information to the Commission of the plan under which it has created or proposes to create a pension fund and a copy of the declaration of trust or resolution under which the pension plan is established.

C. There shall be credited to this account the portion of pensions and benefits expenses which is applicable to nonutility operations or which is charged to construction unless such amounts are distributed directly to the accounts involved and are not included herein in the first instance.

D. For Major companies, records in support of this account shall be so kept that the total pensions expense, the total benefits expense, the administrative expenses included herein, and the amounts of pensions and benefits expenses transferred to construction or other accounts will be readily available.

ITEMS

1. Payment of pensions under a nonaccrual or nonfunded basis.
2. Accruals for or payments to pension funds or to insurance companies for pension purposes.
3. Group and life insurance premiums (credit dividends received).
4. Payments for medical and hospital services and expenses of employees when not the result of occupational injuries.
5. Payments for accident, sickness, hospital, and death benefits or insurance.
6. Payments to employees incapacitated for service or on leave of absence beyond periods normally allowed, when not the result of occupational injuries, or in excess of statutory awards.
7. Expenses in connection with educational and recreational activities for the benefit of employees.

NOTE A: The cost of labor and related supplies and expenses of administrative and general employees who are only incidentally engaged in employee pension and benefit activities, may be included in accounts 920 and 921, as appropriate.

NOTE B: Salaries paid to employees during periods of nonoccupational sickness may be charged to the appropriate labor account rather than to employee benefits.

### 927 Franchise requirements.

A. This account shall include payments to municipal or other governmental authorities, and the cost of materials, supplies and services furnished such authorities without reimbursement in compliance with franchise, ordinance, or similar requirements; provided, however, that the utility may charge to this account at regular tariff rates, instead of cost, utility service furnished without charge under provisions of franchises.

B. When no direct outlay is involved, concurrent credit for such charges shall be made to account 929, Duplicate Charges—Cr.

C. The account shall be maintained so as to readily reflect the amounts of cash outlays, utility service supplied without charge, and other items furnished without charge.

NOTE A: Franchise taxes shall not be charged to this account but to account 408.1, Taxes Other Than Income Taxes, Utility Operating Income.

NOTE B: Any amount paid as initial consideration for a franchise running for more than one year shall be charged to account 302, Franchises and Consents.

### 928 Regulatory commission expenses.

A. This account shall include all expenses (except pay of regular employees only incidentally engaged in such work) properly includible in utility operating expenses, incurred by the utility in connection with formal cases before regulatory commissions, or other regulatory bodies, or cases in which such a body is a party, including payments made to a regulatory commission for fees assessed against the utility for pay and expenses of such commission, its officers, agents, and employees.

B. Amounts of regulatory commission expenses which by approval or direction of the Commission are to be spread over future periods shall be charged to account 186, Miscellaneous Deferred Debits, and amortized by charges to this account.

C. The utility shall be prepared to show the cost of each formal case.

ITEMS

1. Salaries, fees, retainers, and expenses of counsel, solicitors, attorneys, accountants, engineers, clerks, attendants, witnesses, and others engaged in the prosecution of, or defense against petitions or complaints presented to regulatory bodies, or in the valuation of property owned or used by the utility in connection with such cases.
2. Office supplies and expenses, payments to public service or other regulatory commissions, stationery and printing, traveling expenses, and other expenses incurred directly in connection with formal cases before regulatory commissions.
3. All application fees except those involving construction certificate applications which have been approved. (See Gas Plant Instruction 16.)

NOTE A: Exclude from this account and include in other appropriate operating expense accounts, expenses incurred in the improvement of service, additional inspection, or rendering reports, which are made necessary by the rules and regulations, or orders, of regulatory bodies.

NOTE B: Do not include in this account amounts includible in account 302, Franchises and Consents, account 181, Unamortized Debt Expense, or account 214, Capital Stock Expense.

### 929 Duplicate charges—Credit.

This account shall include concurrent credits for charges which may be made to operating expenses or to other accounts for the use of utility service from its own supply. Include, also, offsetting credits for any other charges made to operating expenses for which there is no direct money outlay.

### 930.1 General advertising expenses.

This account shall include the cost of labor, materials used, and expenses incurred in advertising and related activities, the cost of which by their content and purpose are not provided for elsewhere.

ITEMS

*Labor:*

1. Supervision.
2. Preparing advertising material for newspapers, periodicals, billboards, etc., and preparing or conducting motion pictures, radio and television programs.
3. Preparing booklets, bulletins, etc., used in direct mail advertising.
4. Preparing window and other displays.
5. Clerical and stenographic work.
6. Investigating and employing advertising agencies, selecting media and conducting negotiations in connection with the placement and subject matter of advertising.

*Materials and expenses:*

7. Advertising in newspapers, periodicals, billboards, radio, etc.
8. Advertising matter such as posters, bulletins, booklets and related items.
9. Fees and expenses of advertising agencies and commercial artists.
10. Postage and direct mail advertising.
11. Printing of booklets, dodgers, bulletins, etc.
12. Supplies and expenses in preparing advertising materials.
13. Office supplies and expenses.

NOTE A: Properly includible in this account is the cost of advertising activities on a local or national basis of a goodwill or institutional nature, which is primarily designed to improve the image of the utility or the industry, including advertisements which inform the public concerning matters affecting the company's operations, such as, the cost of providing service, the company's efforts to improve the quality of service, the company's efforts to improve and protect the environment, etc. Entries relating to advertising included in this account shall contain or refer to supporting documents which identify the specific advertising message. If references are used, copies of the advertising message shall be readily available.

NOTE B: Exclude from this account and include in account 426.4, Expenditures for Certain Civic, Political and Related Activities, expenses for advertising activities, which are designed to solicit public support or the support of public officials in matters of a political nature.

### 930.2 Miscellaneous general expenses.

This account shall include the cost of labor and expenses incurred in connection with the general management of the utility not provided for elsewhere.

ITEMS

*Labor:*

1. Miscellaneous labor not elsewhere provided for:

*Expenses:*

2. Industry Association dues for company memberships.
3. Contributions for conventions and meetings of the industry.
4. For Major companies, research, development, and demonstration expenses not charged to other operation and maintenance expense accounts on a functional basis. For Nonmajor companies, experimental and general research work for the industry.
5. Communication service not chargeable to other accounts.
6. Trustee, registrar, and transfer agent fees and expenses.
7. Stockholders meeting expenses.
8. Dividend and other financial notices.
9. Printing and mailing dividend checks.
10. Directors' fees and expenses.
11. Publishing and distributing annual reports to stockholders.
12. Public notices of financial, operating, and other data required by regulatory statutes, not including, however, notices required in connection with security issues or acquisitions of property.

### 931 Rents.

This account shall include rents properly includible in utility operating expenses for the property of others used, occupied, or operated in connection with the customer accounts, customer service and informational, sales, and general and administrative functions of the utility. (See operating expense instruction 3.)

### 933 Transportation expenses (Nonmajor only).

A. This account shall include the cost of labor, materials used and expenses incurred in the operation and maintenance of general transportation equipment of the utility.

B. This account may be used as a clearing account in which event the charges hereto shall be cleared by apportionment to the appropriate operating expense, gas plant, or other accounts on a basis which will distribute the expenses equitably. Credits to this account shall be made in such detail as to permit ready analysis.

ITEMS

1. Supervision.
2. Building service.
3. Care of grounds, including snow removal, cutting grass, etc.
4. Utility services.
5. Depreciation of transportation equipment.
6. Fuel and lubricants for vehicles (including sales and excise taxes thereon.)
7. Insurance on garage equipment and transportation equipment, including public liability and property damage.
8. Maintenance of transportation and garage equipment.
9. Compensation of drivers, mechanics, clerks, and other garage employees.
10. Rent of garage buildings and grounds, vehicles or equipment.
11. Replacement of tires, tubes, batteries, etc.
12. Direct taxes, licenses, and permits.
13. Miscellaneous garage supplies, tools, and equipment.
14. Miscellaneous office supplies and expenses, printing, and stationery.
15. Transportation, meals, and incidental expenses.

NOTE A: The pay of employees driving trucks or other transportation equipment incidental to their regular occupation, shall not be included herein but charged directly to the appropriate expense or other account.

NOTE B: Transportation expenses applicable to construction shall not be included in operating expenses.

### 935 Maintenance of general plant.

A. This account shall include the cost assignable to customer accounts, sales and administrative and general functions of labor, materials used and expenses incurred in the maintenance of property, the book cost of which is includible in account 390, Structures and Improvements, account 391, Office Furniture and Equipment, account 397, Communication Equipment, and account 398, Miscellaneous Equipment. For Nonmajor companies, include also other general equipment accounts (not including transportation equipment). (See operating expense instruction 2.)

B. Maintenance expenses on office furniture and equipment used elsewhere than in general, commercial and sales offices shall be charged to the following accounts:

| Functions | Account numbers | |
|---|---|---|
| | Major | Non-major |
| Manufactured gas production | 708,<br>742 | 743 |
| Natural gas production and gathering | 769 | 793 |
| Natural gas products extraction | 791 | ........ |
| Underground storage | 837 | 838,<br>839 |
| Local storage | 846.2 | ........ |
| Transmission expenses | 867 | 868 |
| Distribution expenses | 894 | 895 |
| Merchandising and jobbing | 416 | 416 |

Garages, shops, etc.—appropriate clearing account, if used (or general expense, in the case of Nonmajor companies).

## PART 204—[RESERVED]

NOTE: For the Uniform System of Accounts for Natural Gas Companies subject to the Natural Gas Act, see Part 201 of this subchapter. (Order 390, 49 FR 32526, Aug. 14, 1984; 50 FR 5745, Feb. 12, 1985)

## PART 216—UNITS OF PROPERTY FOR USE IN ACCOUNTING FOR ADDITIONS TO AND RETIREMENTS OF GAS PLANT

AUTHORITY: Department of Energy Organization Act, 42 U.S.C. 7101-7352 (1982); E.O. 12009, 3 CFR 142 (1978); Natural Gas Act, 15 U.S.C. 717-717w (1982).

SOURCE: Order 236, 26 FR 9892, Oct. 21, 1961, unless otherwise noted.

EDITORIAL NOTE: For FEDERAL REGISTER citations affecting Part 216, see the List of CFR Sections Affected in the Finding Aids section of this volume.

### INSTRUCTIONS

1. The retirement units listed herein are prescribed and are to be accounted for in accordance with Gas Plant Instruction 10, Additions and Retirements of Gas Plant, of the Uniform System of Accounts Prescribed for Natural Gas Companies.

2. The list of units may be expanded by any utility without other authorization from the Commission, but the list shall not be condensed. Thus the units listed herein are of maximum size and while subdivision thereof, or of the addition of other units is permitted, the combination or the increase in size of such units is not permitted without the approval of the Commission.

3. Wherever appropriate, the retirement of any retirement unit in the structures or equipment accounts shall include all costs of associated items which pertain solely to that unit, such as the cost of foundations, supports, ladders, runways, enclosures, guards, driving mechanisms, indicating, recording, and measuring devices with their mountings, starting, control, regulating, protective, and safety devices, switchboards, special lighting conduits and wiring, pipes, ducts, spouts, chutes, hoppers, etc.

4. The appearance of a retirement unit under an account warrants the inclusion of the unit in the account mentioned only when the text of the account also indicates the inclusion as the same unit frequently appears under more than one account.

The omission of an item from the list in an account or its inclusion in a functional system does not preclude its treatment as a retirement unit if it is relatively costly and not an integral part of a larger retirement unit. The List of General Retirement Units, instruction 6 below, should be read in connection with the lists under the respective accounts since in some cases retirement units have not been separately listed because they appear in the List of General Retirement Units and are common to more than one account. Likewise the List of General Retirement Units and these instructions should be considered in connection with listed retirement units designated as "system," etc. In these cases, particularly if "system," etc., be extensive, a component of such system, such as a relatively costly piece of apparatus not an integral part of a larger retirement unit, or a unit specified in the List of General Retirement Units, should be separately treated as a retirement unit.

5. It is contemplated that the list of units contained herein will be revised and amended from time to time as experience and conditions warrant.

NOTE A: The term "relatively costly" applies to the relationship of the cost of the item to the cost of other items in that particular account or sub-account for the particular station or plant.

NOTE B: The term "integral part" is used in a physical rather than a functional sense. For instance, both the pump and heat exchanger mounted separately in a vaporizing system will be considered retirement units, as contrasted with a packaged unit where both would be considered an integral part of the package.

6. List of General Retirement Units:

In all accounts where they occur, the following shall be considered a retirement unit, if relatively costly and not an integral part of the retirement unit specifically listed.

(1) Assembly for two or more retirement units.

(2) Blower or fan.

(3) Control installation, automatic, semi-automatic, or remote (such as pressure, speed, level, weight and volume regulators).

(4) Coupling device, i.e., speed reducer, speed increaser, clutch coupling, etc.

(5) Driving unit, i.e., prime mover, motor, gas engine, etc.

(6) Enclosure for two or more retirement units (fence, guard railing, etc.).

(7) Foundation for a unit of equipment, when not an integral part of a building and its usefulness is not intended to outlast the equipment for which provided.

(8) Instrument or device for indicating, measuring, recording or weighing.

(9) Landscaping (complete at one location).

(10) Plant piping, a run of any system (oil, gas, steam, water, etc.), 6 inches or over in size, with or without valves, between two or more retirement units of property, and/or a header. (See Note A and item 16.)

(11) Piping header, 6" and over in size, with or without valves and blocking. (See Note A and item 16.)

(12) Platforms, ladders, stairs, runways (complete section).

(13) Pump.

(14) Road, walk, parking lot, etc.

(15) Tank, vessel, bin, sphere, holder, etc.

(16) Valve, power operated, pressure reducing, atmospheric relief, 6 inch nominal pipe size and larger or relatively costly valve.

NOTE A: Whenever appropriate, the "piping" cost of additions and retirements shall include all costs for pipes, valves, fittings, specials, covering, hangers, supports, etc., pertaining to the run or header in question.

### LIST OF RETIREMENT UNITS

(The article a, an, or the, as appropriate, should be read in connection with each retirement unit of property listed herein)

### 2. PRODUCTION PLANT

#### A. MANUFACTURED GAS PRODUCTION PLANT

**305 Structures and Improvements**

1. Air conditioning, ventilating system, heating system, or any combination thereof.

2. Bin or bunker (when part of structure framework).

3. Bridge, trestle, etc.

4. Bulkhead, retaining wall, etc.

5. Canal, dam, dock, pier, wharf, etc.

6. Drainage and sewerage system.

7. Elevator, crane, hoist, etc., complete with operating mechanism.

8. Equipment item, such as, a generator, engine, turbine, compressor, or similar item of equipment includible in structures, with or without associated wiring, control equipment, etc.

9. Fence complete with gates.

10. Fire escape system.

11. Fire protection system.

12. Foundation (equipment) when includible in structure.

13. Light and power system complete.

14. Plumbing system.

15. Refrigeration system.

16. Railroad or track system, including culverts, etc.

17. Relief holder.

18. Roof, with or without supporting members. (A structure of irregular shape having more than one roof level may have several isolated roofs, each of which shall be considered an entire roof. In the case of structures to which lateral extensions have been made, even though having but one roof level, that part of the roof covering an entire section built at one time shall be considered an entire roof.)

19. Structure complete, with or without stack or chimney.
20. Tunnel, pipe line, etc.
21. Vacuum cleaning system.
22. Water basin or reservoir.
23. Water supply system, including well.
24. Yard drainage system.
25. Yard lighting system.

### 306 Boiler Plant Equipment.

A. Steam Boiler Installation:

1. Boiler (each) complete with fuel burning equipment, furnace, furnace walls or arches, setting, grates, etc.
2. Desuperheater.
3. Foundation, boiler, when independent of structure.
4. Reheater, when separate from boiler.
5. Soot blower system for one boiler.
6. Superheater, when separate from boiler.

B. Draft Equipment:

1. Air duct system.
2. Air heater.
3. Breeching system.
4. Cinder or fly ash collecting equipment, such as, cinder catcher, precipitator, hopper concentrator, etc.
5. Stack, with or without foundation.

C. Feed Water System:

1. Deaerator.
2. Economizer, when separate from boiler.
3. Heater, feed water (main or stage).
4. Heat exchanger.
5. Regulator, feed water.

D. Coal Fuel Equipment:

1. Bin or bunker not includible in structures.
2. Bin unloader.
3. Barge.
4. Capstan, winch or power moving equipment.
5. Car, lorry.
6. Car dumper, puller, shaker, thawing system, etc.
7. Chutes or spouts, system of.
8. Coal moving equipment (bulldozer, carry-all, tractor, drag scraper, etc.).
9. Conveyor system (belt, cable way, portable screw, etc.).
10. Crane (locomotive, gantry or monorail).
11. Crusher.
12. Dust collecting unit.
13. Electric trolley or third rail system.
14. Elevator (vertical, bucket, skip hoist).
15. Gates, chutes, downtakes, spreaders, or hoppers, for one boiler.
16. Hoist, or derrick.
17. Hopper, track or weigh.
18. Locomotive.
19. Sampling system.
20. Screening or sizing installation.
21. Separator, magnetic.
22. Structure, fuel handling (not includible in structures account).
23. Track system.
24. Trestle.
25. Weighing device, including track scale, coal meter, etc.

E. Pulverized Fuel Equipment:

1. Air filter or washer.
2. Air preheater.
3. Air compressor.
4. Conveyor.
5. Chutes, ducts or transport pipes, system of.
6. Coal feeder, raw or powdered.
7. Crusher.
8. Dryer.
9. Hopper or bin.
10. Pulverizer.
11. Screening or sizing installation.
12. Separator, electric or mechanical (dust collector or concentrated).

F. Oil Fuel Equipment:

1. Heater.

NOTE: See list of general retirement units.

G. Gas Fuel Equipment:

NOTE: See list of general retirement units.

H. Ash Handling Equipment:

1. Ash hopper (when not includible in structure).
2. Car.
3. Clinker grinder.
4. Conveyor or elevator.
5. Crane hoist or derrick.
6. Dust collecting system.
7. Electric trolley or third rail system.
8. Locomotive.
9. Removal system (vacuum, steam jet, or hydraulic).
10. Sluiceway or piping system.
11. Storage bin or pit.
12. Sump dredge.
13. Track system.

I. Water Supply and Purification System:

1. Pipe or tunnel, intake or discharge (when not includible in structure).
2. Water softener or purification system, including demineralizer, etc.
3. Well.

NOTE: See list of general retirement units.

J. Ventilating Equipment:
1. Air duct system.
2. Cooler or heater.
3. Washer.
K. Controls:
1. Automatic control installation.
2. Master controller installation.
3. Panel or panels, devoted to a single purpose, with equipment associated thereto.
L. Boiler Plant Piping and Miscellaneous:

NOTE: See list of general retirement units.

**307 Other Power Equipment.**

A. Steam Power Equipment:
a. Engine-driven generating installation:
1. Drive or connection between engine and generator.
2. Engine.
3. Exciter, direct connected or belt-driven.
4. Foundation, independent of structure.
5. Generator.
6. Governor control system.
b. Turbo-generator installation:
1. Equipment, starting and turning.
2. Exciter, direct connected or belt-driven.
3. Foundation, independent of structure.
4. Generator.
5. Governor control system.
6. Turbine.
c. Condensing and Cooling Water System:
1. Air ejector apparatus for one condenser.
2. Condenser.
3. Condenser tube protective system (chemical, electric, electrolytic, etc.).
4. Cooling tower.
5. Intake or discharge, screen and mechanism.
6. Spraying system.
d. Central generator cooling system:
1. Air duct system.
2. Air washer.
3. Cooler.
4. Hydrogen system.
e. Central lubricating system:
1. Accumulator.
2. Cooler.
3. Purifier or filter.
f. Controls:
1. Panel or panels, devoted to a single purpose, with equipment associated thereto.
g. Engine and turbine plant piping and miscellaneous:

NOTE: See list of general retirement units.

B. Gas and Oil Power Equipment:
a. Internal Combustion Engine:
1. Air intake equipment for one engine.
2. Engine, with or without foundation.
3. Governor control system.
4. Heat exchanger.
5. Muffler.
6. Stack.
7. Starting and turning equipment.
8. Panel or panels and instruments for one engine.
b. Central lubricating system:
1. Cooler.
2. Piping system, oil.
3. Purifier or filter.
c. Central cooling water system:
1. Heat exchanger.
2. Piping system, cooling water.
3. Purification system, water.
4. Spraying system.
5. Tower, cooling.
d. Central starting system:
1. Compressor.
2. Piping system, starting.
e. Central intake air supply:
1. Air duct system.
2. Air filter or screen.
3. Silencer.
f. Central exhaust gas system:
1. Heat exchanger or waste heat boiler.
2. Muffler.
3. Piping system, exhaust.
4. Stack.
g. Fuel holders, producers, and accessories:
1. Boiler, heating.
2. Booster.
3. Compressor.
4. Heater, not a part of tank.
5. Holder.
6. Piping system, fuel oil.
7. Piping system, gas.
8. Purifier.
9. Regenerator.

10. Scrubber or washer.

11. Vaporizing unit for butane gas.

C. Generators:

1. Exciter, direct connected or belt-driven.

2. Generator.

3. Panel or panels devoted to a single purpose, with equipment accessory thereto.

D. Accessory Electric Equipment:

1. Air compressor.

2. Air duct system.

3. Auxiliary generator set.

4. Battery charging set.

5. Capacitor, set or bank of.

6. Condenser, synchronous.

7. Conduit, with or without manholes, pullboxes and risers—continuous run between retirement units, or complete functional system, if appropriate.

8. Control installation, system operators.

9. Converter, synchronous or rotary.

10. Exciter, separately driven.

11. Fire protection system.

12. Frequency changer.

13. Frequency control system.

14. Fuse equipment, set of high tension.

15. Generator voltage regulator system.

16. Induction regulator.

17. Lightning arrester, 23KV or higher, set of.

18. Lighting system.

19. Oil circuit breaker or oil switch.

20. Panel or panels, devoted to a single purpose, with electric equipment accessory thereto.

21. Pole line, including attachments, conductors and supports.

22. Reactor or resistor.

23. Rectifier.

24. Storage battery, set or bank for station control and power.

25. Structure forming a support for one or more units of equipment.

26. Switches, airbreak, grounding or set of disconnecting.

27. Switchgear (compartment, cubicle, etc.) complete assembly.

28. Telemetering equipment, each installation.

29. Testing equipment, set of.

30. Truck switch with wiring and instruments.

31. Transformer, not accessory to a panel.

32. Unit station complete.

33. Wire and cable, including accessories—continuous run between retirement units, or complete functional system, if appropriate.

E. Miscellaneous Power Plant Equipment:

Each principal item, system or set of equipment such as:

1. Air compressor.

2. Air conditioning or ventilating equipment (portable).

3. Barge, boat, or similar item of marine equipment.

4. Car, railway.

5. Communication system, station signal of call.

6. Compressed air system.

7. Crane, hoist or derrick.

8. Exhaust heat exchanger.

9. Fire protection equipment (general station use).

10. Laboratory equipment, principal item, such as drying oven, calorimeter, etc.

11. Locomotive.

12. Oil reclaiming installation.

13. Tool, each principal item, such as forge, lathe, drill press.

14. Vacuum cleaning system.

NOTE: If any of the units of property listed above are a part of a structure and includible in account 305 Structures and Improvements, they shall be accounted for through that account.

### 308 Coke Ovens.

1. Bunker or bin (when independent of structure).

2. Charging lorry.

3. Clay mixer.

4. Coke oven.

5. Conveyor.

6. Door extractor.

7. Hydraulic main for one oven.

8. Pusher.

9. Quenching car.

10. Quenching tower.

11. Regenerator.

12. Reversing damper installation.

13. Wharf.

### 309 Producer Gas Equipment.

1. Bunker or bin (when independent of structure).

2. Condenser or cooler.

3. Conveyor.

4. Driving apparatus or linkage for one producer.
5. Producer.
6. Producer gas holder.
7. Scrubber.
8. Separator.

### 310 Water Gas Generating Equipment.

1. Automatic charger.
2. Automatic control.
3. Backrun valve.
4. Bunker or bin (when independent of structure).
5. Carburetor.
6. Control panel or board.
7. Dust collector.
8. Fuel and ash handling system.
9. Generator.
10. Hoist or elevator.
11. Oil heater.
12. Seal pot.
13. Superheater.

### 311 Liquefied Petroleum Gas Equipment.

1. Boiler.
2. Bottling apparatus installation.
3. Compressor.
4. Calorimixer.
5. Carbureting system.
6. Heater.
7. Heat exchanger.
8. Mixing system.
9. Odorizing system.
10. Prime mover.
11. Proportioning system.
12. Superheater.
13. Storage system.
14. Vaporizing system.

### 312 Oil Gas Generating Equipment.

Use equivalent or similar units for other accounts.

### 313 Generating Equipment—Other processes.

Use equivalent or similar units for other accounts.

### 314 Coal, Coke, and Ash Handling Equipment.

A. Dock Equipment:
1. Bridge.
2. Capstan or winch, power.
3. Conveyor.
4. Crane.
5. Elevator.
6. Loading tower.
7. Unloading device.

B. Loading and Grading Equipment:
1. Bin.
2. Bin unloader.
3. Chute.
4. Complete screen.
5. Crusher.
6. Grizzly.
7. Separator.
8. Skip hoist.

C. Yard Equipment:
1. Bridge.
2. Car.
3. Car puller.
4. Conveyor.
5. Conveyor structure.
6. Hoist.
7. Locomotive.
8. Pulverizing system.
9. Railroad siding.
10. Scales (platform, track, or other)
11. Signal system.
12. Track hopper.
13. Tractor.
14. Trestle.

### 315 Catalytic Cracking Equipment.

1. Air dryer.
2. Air proportioning machine.
3. Alarm system.
4. Boiler.
5. B.t.u. adjuster.
6. Calorimixer.
7. Catalytic furnace.
8. Compressor.
9. Condenser.
10. Cooler.
11. Cooling tower.
12. Cooling tower basin.
13. Crane.
14. Fractionalizing towers.
15. Filter.
16. Heater.
17. Heat exchanger.
18. Panel or panels, devoted to a single purpose, with equipment.
19. Separator.
20. Spray pond.
21. Turbine.
22. Unloading station.
23. Vaporizer.
24. Washer cooler.
25. Water treatment plant.
26. Well.

### 316 Other Reforming Equipment.

Use equivalent or similar units shown for other accounts.

**317 Purification Equipment.**

1. Absorber or adsorber.
2. Actifyer.
3. Compressor.
4. Condenser.
5. Cooling coil.
6. Decanter.
7. Filter.
8. Oxide conditioner.
9. Purifying box.
10. Precipitator.
11. Scrubber.
12. Signal system.
13. Spray pond.
14. Stack.
15. Thionizer.
16. Tar extractor.
17. Washbox.
18. Washer cooler.
19. Well.

**318 Residual Refining Equipment.**

A. Ammonia Recovery Apparatus:
1. Absorber or adsorber.
2. Condenser.
3. Decanter.
4. Drier.
5. Extractor.
6. Fixed still.
7. Free still.
8. Heat exchanger.
9. Lime leg.
10. Lime mixer.
11. Well.

B. Other Refining Equipment:
Use equivalent or similar units shown for other accounts.

C. Phenol Recovery Apparatus:
Use equivalent or similar units shown for other accounts.

D. Sulphur Recovery Apparatus:
1. Autoclave.
2. Bin.
3. Filter.
4. Washer.

E. Tar Refining Apparatus:
1. Centrifuge.
2. Condenser.
3. Cooler.
4. Dehydrator.
5. Heater.
6. Still pot.
7. Well.

**319 Gas Mixing Equipment.**

1. Alarm system.
2. Alcohol units.
3. Calorimeter.
4. Compressor.
5. Control system.
6. Mixing system.
7. Odorizing system.
8. Oil fogger.
9. Scrubber.

**320 Other Equipment.**

Each principal item, system or set of equipment such as:
1. Communication system.
2. Compressed air system.
3. Fire protection system.
4. First aid equipment.
5. Gasoline pump.
6. Machine shop equipment.
7. Odorizing equipment.
8. Office furniture and equipment.
9. Oil fogger.
10. Power equipment (portable).
11. Production laboratory equipment.
12. Signal system.
13. Telemetering equipment.
14. Works exhauster.

## B. NATURAL GAS PRODUCTION PLANT

### *B-1. Natural Gas Production and Gathering Plant*

**326 Gas Well Structures.**

**327 Field Compressor Station Structures.**

**328 Field Measuring and Regulating Station Structures.**

**329 Other Structures.**

(See Acct. 366—Transmission Structures and Improvements.)

**330 Producing Gas Wells—Well Construction.**

1. Well. (Includes only costs incident to drilling well.)

**331 Producing Gas Well—Well Equipment.**

1. Bailing equipment.
2. Boiler or heater, complete with accessories.
3. Casing head valve assembly, Christmas Tree.
4. Casing.
5. Derrick.
6. Pumping outfit.
7. Separator.
8. Tubing.

### 332 Field Lines.

(See Acct. 367—Transmission Mains for applicable retirement units of property.)

### 333 Field Compressor Station Equipment.

(See Acct. 368—Transmission Compressor Station Equipment for applicable retirement units of property.)

### 334 Field Measuring and Regulating Station Equipment.

(See Acct. 369—Transmission Measuring and Regulating Station Equipment for applicable retirement units of property.)

### 335 Drilling and Cleaning Equipment.

1. Bailing machine complete.
2. Boiler complete with accessories.
3. Derrick, hoist or crane.
4. Drilling machine or rig.
5. Special equipment, such as mud or water tanks, blowout preventors, etc.
6. Tanks, pumps, etc.

### 336 Purification Equipment.

1. Boiler complete with accessories.
2. Cooling tower, basin or pond.
3. Gas cleaner, cooler, separator, scrubber, etc.
4. Heat exchanger, fuel gas, oil and water cooling, etc.
5. Panel or panels, devoted to a single purpose, with equipment associated thereto such as instruments, wiring, etc.
6. Piping.
7. Portable or packaged unit.
8. Power and light system complete.
9. Still or reboiler.
10. Sulfur removal apparatus.
11. Tank or vessel.

### 337 Other Equipment.

(See Acct. 371—Transmission Other Equipment for applicable retirement units of property.)

## *B-2. Products Extraction Plant*

### 341 Structures and Improvements.

(See Acct. 366—Transmission Structures and Improvements for applicable retirement units of property.)

### 342 Extraction and Refining Equipment.

1. Absorber, adsorber, reabsorber, still, dephlegmator, etc.
2. Air compressor, with or without driving unit and accessories.
3. Boiler complete with accessories.
4. Communication equipment, intrastation.
5. Cooling facilities; cooling tower basin, pond, induced draft apparatus, etc.
6. Crane, trolley and hoist, etc.
7. Fire protection equipment.
8. Fuel measuring and regulating equipment. (See Acct. 369 for applicable units.)
9. Foundation.
10. Fractionating tower.
11. Furniture and fixtures and general equipment, etc. (See Accts. 391 and 398 for applicable units.)
12. Gas compressor, with or without driving unit and accessories.
13. Heat exchanger, fuel, gas, oil, or water cooling, etc.
14. Loading rack complete.
15. Panel or panels, devoted to a single purpose with equipment associated thereto such as instruments, wiring, etc.
16. Plant piping.
17. Power and light system.
18. Power generating equipment. (See Acct. 307 for applicable retirement units.)
19. Portable or package unit.
20. Pump, with or without driving unit and accessories.
21. Tank or vessel.
22. Water treatment system.
23. Water supply system.

### 343 Pipe Lines.

(See Acct. 367—Transmission Mains for applicable retirement units of property.)

### 344 Extracted Products Storage Equipment.

1. Foundation.
2. Regulator.
3. Tank or vessel.
4. Underground cavern.

### 345 Compressor Equipment.

(See Acct. 368—Transmission Compressor Station Equipment for applicable retirement units of property.)

**346 Gas Measuring and Regulating Equipment.**

(See Acct. 369—Transmission Measuring and Regulating Station Equipment for applicable retirement units of property.)

**347 Other Equipment.**

(See Acct. 371—Transmission Other Equipment for applicable retirement units of property.)

## 3. NATURAL GAS STORAGE PLANT

### A. UNDERGROUND STORAGE PLANT

**351 Structures and Improvements.**

(See Acct. 366—Transmission Structures and Improvements for applicable retirement units of property.)

**352 Wells.**

1. Bailing equipment.
2. Boiler or heater.
3. Casing.
4. Casing head valve assembly (Christmas Tree).
5. Derrick.
6. Separator.
7. Tubing.
8. Well (all intangible costs).

**353 Lines.**

(See Acct. 367—Transmission Mains for applicable retirement units of property.)

**354 Compressor Station Equipment.**

(See Acct. 368—Transmission Compressor Station Equipment for applicable retirement units of property.)

**355 Measuring and Regulating Equipment.**

(See Acct. 369—Transmission Measuring and Regulating Station Equipment for applicable retirement units of property.)

**356 Purification Equipment.**

(See Acct. 336—Natural Gas Production Purification Equipment for applicable retirement units of property.)

**357 Other Equipment.**

(See Acct. 371—Transmission Other Equipment for applicable retirement units of property.)

### B. OTHER STORAGE PLANT

**361 Structures and Improvements.**

(See Acct. 366—Transmission Structures and Improvements for applicable retirement units of property.)

**362 Gas Holders.**

1. Buried pipe holder (each bank or group).
2. Fire protection equipment.
3. Foundation, including pit and tank where integral with foundation.
4. Holder.
5. Holder heating system.
6. Hortonsphere and/or high pressure tanks.
7. Underground cavern.

**363 Purification equipment.**

(See Acct. 336—Natural Gas Production Purification Equipment for applicable retirement units of property.)

**363.1 Liquefaction equipment.**

1. Cold box.
2. Heat exchanger.
3. Compressors.
4. Condensers.
5. Instrumentation.
6. Pumps.
7. Separators.
8. Tanks.

**363.2 Vaporizing equipment.**

1. Compressors.
2. Instrumentation.
3. Piping.
4. Pumps.
5. Valves.
6. Vaporizers.

**363.3 Compressor equipment.**

(See Acct. 368—Compressor Station Equipment for applicable retirement units of property.)

**363.4 Measuring and regulating equipment.**

(See Acct. 369—Transmission Measuring and Regulating Station Equipment for applicable retirement units of property.)

**363.5 Other equipment.**

(See Acct. 371—Transmission Other Equipment for applicable retirement units of property.)

### C. BASE LOAD LIQUEFIED NATURAL GAS TERMINALING AND PROCESSING PLANT

**364.2 Structures and improvements.**

1. Air conditioning system, ventilating system, heating system, or any combination thereof.
2. Bin or bunker (when part of structure framework).
3. Bridge, trestle, etc.
4. Bulkhead, retaining wall, etc.
5. Canal or dam.
6. Dock, pier, platform or wharf.
7. Drainage and sewerage system.
8. Elevator, crane, hoist, etc., complete with operating mechanism.
9. Fence complete with gates.
10. Fire escape system, nonmarine.
11. Fire protection system.
12. Foundation (equipment) when includible in structure.
13. Light and power system complete.
14. Plumbing system.
15. Railroad or track system, including culverts, etc.
16. Roof, with or without supporting members. (A structure of irregular shape having more than one roof level may have several isolated roofs, each of which shall be considered an entire roof. In the case of structures to which lateral extensions have been made, even though having but one roof level, that part of the roof covering an entire section built at one time shall be considered an entire roof.)
17. Structure complete, with or without stack or chimney.
18. Tunnel, pipe line.
19. Tunnel, marine.
20. Vacuum cleaning system.
21. Water basin or reservoir.
22. Water supply system, including well.
23. Yard drainage system.
24. Yard lighting system.

**364.3 LNG processing terminal equipment.**

*Liquefaction processing equipment*

1. Cooling units.
2. Heat exchanger.
3. Compressor.
4. Condensor.
5. Instrumentation.
6. Pumps.
7. Separators.
8. Tanks.

*Transfer system*

1. Holders.
2. Blowers.
3. Instrumentation.
4. Piping.
5. Pumps.
6. Unloading arms.
7. Valves.

*Storage facilities*

1. Berm or Dike.
2. Holders (Tanks).
3. Instrumentation.
4. Piping.
5. Valves.

*Vaporization system*

1. Compressors.
2. Instrumentation.
3. Piping.
4. Pumps.
5. Valves.
6. Vaporizers.

*BTU stabilization equipment*

1. Compressors.
2. Heat exchangers.
3. Instrumentation.
4. Piping.
5. Pumps.
6. Valves.

*Electric system*

1. Battery.
2. Generator.
3. Switchgear.
4. Motor control center.

*Nitrogen system*

1. Compressor.
2. Holders (Tanks).
3. Instrumentation.
4. Piping.
5. Pumps.
6. Valves.

*Truck loading system*

1. Loading racks.
2. Piping.
3. Pumps.
4. Tanks.
5. Other equipment.

*Marine facilities*

1. Capstran.
2. Control power/pulpit.
3. Evacuation Systems.
4. Unloading arms.

**364.4 LNG transportation equipment.**

1. LNG barge.
2. LNG maritime tankers.

3. LNG tank truck.
4. Other LNG transportation equipment.

**364.5 Measuring and regulating equipment.**

(See Acct. 369—Transmission Measuring and Regulating Station Equipment for applicable retirement units of property.)

**364.6 Compressor station equipment.**

(See Acct. 368—Transmission Compressor Station Equipment for applicable retirement units of property.)

**364.7 Communication equipment.**

(See Acct. 397—General Communication Equipment for applicable retirement units of property.)

**364.8 Other equipment.**

(See Acct. 371—Transmission Other Equipment for applicable retirement units of property.)

## 4. TRANSMISSION PLANT

**366 Structures and Improvements.**

**366.1 Compressor Station Structures.**

**366.2 Measuring and Regulating Station Structures.**

**366.3 Other Structures.**

NOTE: Many retirement units set forth in the following detail indicate the basic intention of treating relatively costly items as retirement units wherever they occur. Under certain conditions some small items, even though specifically listed, shall be considered part of larger units where they are not relatively costly (for instance, minor landscaping, equipment accessories, etc.) or where they are essentially packaged type units.

1. Air conditioning system, ventilating system, heating system, or any combination thereof.
2. Bin or bunker (when part of structure framework).
3. Bridge, trestle, etc.
4. Bulkhead, retaining wall, etc.
5. Canal, dam, dock, pier, wharf, etc.
6. Drainage and sewerage system.
7. Elevator, crane, hoist, etc., complete with operating mechanism.
8. Equipment item, such as, a generator, engine, turbine, compressor, or similar item of equipment includible in structures, with or without associated wiring, control equipment, etc.
9. Fence complete with gates.
10. Fire escape system.
11. Fire protection system.
12. Foundation (equipment) when includible in structure.
13. Light and power system complete.
14. Plumbing system.
15. Refrigeration system.
16. Railroad or track system, including culverts, etc.
17. Roof, with or without supporting members. (A structure of irregular shape having more than one roof level may have several isolated roofs, each of which shall be considered an entire roof. In the case of structures to which lateral extensions have been made, even though having but one roof level, that part of the roof covering an entire section built at one time shall be considered an entire roof.)
18. Structure complete, with or without stack or chimney.
19. Tunnel, pipe line, etc.
20. Vacuum cleaning system.
21. Water basin or reservoir.
22. Water supply system, including well.
23. Yard drainage system.
24. Yard lighting system.

**367 Mains.**

1. Bridge, trestle, catenary suspension or other special overhead crossing structure.
2. Cathodic protection equipment; rectifier complete with transformer, or other power facility, including ground bed. (See item 8 below.)
3. Crossover or tie-over.
4. Drip. (See item 8 below.)
5. Header or other special construction feature.
6. Multiple mains connected to headers or other expensive construction feature.
7. Pigging or special cleaning assembly.
8. Pipe, 100 ft. length (may include pipe, fittings, specials, drips, joints, blocking, cathodic protection, clamps, and other accessory items).

9. Revetment.

10. River crossing, aerial or submerged including header.

11. Scrubber, dust catcher or cleaner.

12. Tank or vessel.

13. Tunnel.

14. Valve, power operated, with or without appurtenant fittings, bypasses and platforms, 6" and larger. (See item 8 above.)

### 368 Compressor Station Equipment.

A. Compressor Equipment:

1. Aeration tower.

2. Aftercooler.

3. Air cleaner, with or without piping.

4. Air compressing unit, with or without prime mover and accessories.

5. Agitator complete with motor and accessories.

6. Boiler complete (heating).

7. Boiler plant equipment. (For applicable retirement units of property see Account 306—Boiler Plant.)

8. Cathodic protection equipment; rectifier complete with transformer, or other power facility, and ground bed.

9. Chlorinator.

10. Compressor—Gas, with or without prime mover and accessories.

11. Cooling coil.

12. Cooling tower basin.

13. Cooling tower superstructure.

14. Coupling device, i.e. speed reducer, speed increaser, clutch coupling, etc.

15. Demineralizer.

16. Driving unit—prime mover.

17. Exciter.

18. Fan or blower, with or without prime mover and accessories.

19. Fin fan structure complete with supports.

20. Foundation.

21. Gauge board, panel or panels, devoted to a single purpose, with equipment accessory thereto.

22. Generator, with or without driving unit and accessories.

23. Heater, gas, complete with packing glands.

24. Heat exchanger.

25. Lube oil cooler, with or without piping.

26. Lube oil filter, with or without piping.

27. Main Switchboard—panel or panels, devoted to a single purpose, with equipment accessory thereto.

28. Meter, displacement, or orifice including flanges, vanes, plates, etc.

29. Motor generator set, with accessories.

30. Motor control cubicle.

31. Muffler, with or without piping.

32. Odorizing equipment.

33. Other Power Equipment. (For applicable retirement units of property see Account 307—Other Power Equipment.)

34. Piping header, 6" and over in size, with or without valves and blocking. (See Note A—General Instructions.)

35. Plant piping, a run of any system (oil, gas, steam, water, etc., 6 inches or over in size, with or without valves, between two or more retirement units of property and/or a header). (See Note A—General Instructions.)

36. Proportional feeder, with accessories.

37. Pump, with or without driving unit and accessories.

38. Regulator, pressure complete, with or without control equipment, including pilot regulators, fittings, etc.

39. Special or other costly prefabricated items of a special nature.

40. Supercharging equipment.

41. Switchgear (compartment, cubicle, etc.), complete assembly.

42. Tank or vessel such as absorber, air receiver, fractionator, preheater, scrubber, separator, still, storage tank, etc.

43. Telemetering equipment.

44. Transformer and/or capacitor not accessory to a panel.

45. Unit substation, complete. (For applicable retirement units of property see Account 307—Other Power Equipment.)

46. Valve, power operated, pressure reducing, atmospheric relief, 6 inch normal size and larger or relatively costly.

47. Well.

48. Wire, cable, supports and duct lines. (For applicable retirement units of property see Account 307, Group D.)

B. Fire Protection Apparatus—each principal item of equipment such as:

1. Fire engine.

2. Foamite engine.
3. Hose cart, complete with hose.

C. Office Furniture and Equipment:

(See Account 391 for applicable retirement units of property.)

D. Tools, Shop and Garage Equipment:

(See Account 394 for applicable retirement units of property.)

E. Laboratory Equipment:

(See Account 395 for applicable retirement units of property.)

F. Miscellaneous Equipment—each principal item of equipment if includible in this account.

**369 Measuring and Regulating Station Equipment.**

1. Automatic control equipment (including small regulators, pipe fittings and valves, etc.).
2. Calorimeter.
3. Fogger equipment or system.
4. Foundation.
5. Instruments. (See general instructions.)
6. Line heater.
7. Meter, displacement, or orifice including support, flanges, vanes and plates.
8. Odorizer equipment or system.
9. Panel or panels, devoted to a single purpose, with equipment associated thereto such as instruments, wiring, piping, etc.
10. Pit or vault.
11. Piping, a run of any system 6 inches or over in size with or without valves, between two or more units of property and/or a header. (See Note A General Instructions.)
12. Piping header, 6 inches and over in size, with or without valves or blocking. (See Note A General Instructions.)
13. Portable or package unit.
14. Regulator complete, with or without control equipment, including pilot regulators, fittings, etc.
15. Tanks and vessels, such as scrub-regulators, fittings, etc.
16. Telemetering equipment.
17. Valve, power operated, pressure reducing, atmospheric relief, 6 inch nominal pipe size and larger or relatively costly valve.

**370 Communication Equipment.**

Each principal item or set of equipment such as:

1. Antenna and supporting structure.
2. Carrier current coupling capacitor.
3. Carrier current transmitting and receiving set.
4. Intercommunicating telephone apparatus.
5. Microwave apparatus.
6. Receiver, stationary or mobile.
7. Storage battery set, or motor generator set.
8. Teletype apparatus.
9. Transmitter, stationary or mobile.
10. Wire, cable, supports and duct lines. (For applicable retirement units of property see Account 307, Group D.)

**371 Other Equipment.**

1. Air compressor.
2. Communication equipment, intrastation.
3. Fire protection equipment.
4. Gasoline dispensing equipment.
5. Hospital and infirmary equipment.
6. Laboratory equipment.
7. Odorizing equipment.
8. Office furniture and equipment.
9. Supervisory control (telemetering) equipment.
10. Tool, shop and garage equipment.

## 5. DISTRIBUTION PLANT

**375 Structures and Improvements.**

(See Acct. 366—Transmission Structures and Improvements for applicable retirement units of property.)

**376 Mains.**

(See Acct. 367—Transmission Mains for applicable retirement units of property.)

**377 Compressor Station Equipment.**

(See Acct. 368—Transmission Compressor Station Equipment for applicable retirement units of property.)

### 378 Measuring and Regulating Station Equipment—General.

### 379 Measuring and Regulating Station Equipment—City Gate Check Stations.

(See Acct. 369—Transmission Measuring and Regulating Station Equipment for applicable retirement units of property.)

### 380 Services.

1. Complete service.

### 381 Meters.

1. Meter.

### 382 Meter Installations.

1. Meter installation.

Note: At the option of the utility, meter installations may be accounted for as part of the cost installed of meters in accordance with the provisions of Acct. 381, Meters.

### 383 House Regulators.

1. House regulator.

### 384 House Regulator Installations.

1. House regulator installation.

Note: At the option of the utility, house regulator installations may be accounted for as part of the cost installed of house regulators in accordance with the provisions of Acct. 383, House Regulators.

### 385 Industrial Measuring and Regulating Station Equipment.

(See Acct. 369—Transmission Measuring and Regulating Station Equipment for applicable retirement units of property.)

### 386 Other Property on Customers' Premises.

Each principal item of equipment if includible in this account.

### 387 Other Equipment.

(See Acct. 371—Transmission Other Equipment for applicable retirement units of property.)

## 6. General Plant

### 390 Structures and Improvements.

(See Acct. 366—Transmission Structures and Improvements for applicable retirement units of property.)

### 391 Office Furniture and Equipment.

Each principal item of equipment:

1. Duplicating equipment, such as blueprint machine, photostat machine, offset press, photocopy machine, transcopy machine.

2. Mechanical processing equipment, such as, key punch, sorter, tabulator, electronic calculator.

3. Office equipment, such as, accounting machine, adding machine, calculating machine, coin counter, signature writer, typewriter.

4. Office furniture, such as, desk, cabinet, safe, file.

### 392 Transportation Equipment.

Each principal item of equipment such as:

1. Airplane.
2. Automobile.
3. Boat.
4. Electrical vehicle.
5. Motor truck.
6. Motorcycle.
7. Tractor.
8. Trailer, wagon.

### 393 Stores Equipment.

Each principal item of equipment such as:

1. Crane, hoist, or chainfall.

2. Counter, shelving, bins or racks, each location.

3. Portable elevating and stacking equipment.

4. Truck.

### 394 Tool, Shop and Garage Equipment.

Each principal item of equipment:

1. Garage and repair equipment, such as, gasoline or oil pump, battery charging set, car lift, power-driven greasing machine.

2. Shop equipment and tools, such as, drill press, welding machine, forge furnace, lathe, planer, shaper.

3. Tools and work equipment, such as, pneumatic tool, welding set, power saw, transit, level, concrete mixer.

### 395 Laboratory Equipment.

Each principal item of equipment such as:

1. Analysis apparatus.
2. Analytical balance.
3. Automatic electronic prover.
4. Binocular electronic reader.

5. Calorimeter.
6. Centrifuge.
7. Drying oven.
8. Hydro-pneumatic meter tester.
9. Indicating transmitter.
10. Metameter test set.
11. Meter prover.
12. Odormeter.
13. Recording flow meter.
14. Recording orifice.
15. Test meter.
16. Vaportester.

**396 Power Operated Equipment.**

Each principal item of equipment such as:

1. Air compressor, including driving unit and vehicle.
2. Back filling machine.
3. Boring machine.
4. Bulldozer.
5. Crane or hoist.
6. Digger.
7. Pile driver.
8. Pipe cleaning machine.
9. Pipe coating or wrapping machine.
10. Tractor.
11. Trencher.

**397 Communication Equipment**

Each principal item of equipment such as.

1. Antenna and supporting structure.
2. Carrier current coupling capacitor.
3. Carrier current transmitting and receiving set.
4. Intercommunicating telephone apparatus.
5. Microwave apparatus.
6. Receiver, stationary or mobile.
7. Storage battery set or motor generator set.
8. Teletype apparatus.
9. Transmitter, stationary or mobile.
10. Wire, cable, supports and duct lines.

(For applicable retirement units of property see Account 307, Group D.)

**398 Miscellaneous Equipment.**

Each principal item of equipment if includible in this account.

**399 Other Tangible Equipment.**

Units to be assigned as items of property are included herein.

## PART 225—PRESERVATION OF RECORDS OF NATURAL GAS COMPANIES

Sec.
225.1 Promulgation.
225.2 General instructions.
225.3 Schedule of records and periods of retention.

AUTHORITY: Department of Energy Organization Act, 42 U.S.C. 7101-7352 (1982); E.O. 12009, 3 CFR 142 (1978); Natural Gas Act, 15 U.S.C. 717-717w (1982); Natural Gas Policy Act, 15 U.S.C. 3301-3432 (1982); Federal Power Act, 16 U.S.C. 792-828c (1982).

### § 225.1 Promulgation.

(a) This part is prescribed and promulgated as the regulations governing the preservation of records by natural gas companies subject to the jurisdiction of the Commission, to the extent and in the manner set forth therein;

(b) This part shall, as to all natural gas companies now subject to the jurisdiction of the Commission, become effective as herein revised on January 1, 1972. As to any natural gas company which may hereafter become subject to the jurisdiction of the Commission, this part shall become effective as of the date when such natural gas company becomes subject to the jurisdiction of the Commission.

[Order 450, 37 FR 6304, Mar. 28, 1972]

### § 225.2 General instructions.

(a) *Scope of this part.* (1) The regulations in this part apply to all books of account and other records prepared by or on behalf of the natural gas company. See subsection 64 of the schedule for those records which come into possession of the natural gas company in connection with the acquisition of property, such as purchase, consolidation, merger, etc.

(2) The regulations in this part shall not be construed as excusing compliance with any other lawful requirement for the preservation of records for periods longer than those prescribed herein.

(3) Unless otherwise specified in the schedule (§ 225.3), duplicate copies of records may be destroyed at any time: *Provided, however,* That such dupli-

cate copies contain no significant information not shown on the originals.

(4) Records other than those listed in the schedule may be destroyed at the option of the natural gas company: *Provided, however,* That records which are used in lieu of those listed shall be preserved for the periods prescribed for the records used for substantially similar purposes. And, *provided further,* That retention of records pertaining to added services, functions, plant, etc., the establishment of which cannot be presently foreseen, shall conform to the principles embodied herein.

(5) Notwithstanding the provisions of the Records Retention Schedule, the Commission may, upon the request of the company, authorize a shorter period of retention for any record listed therein upon a showing by the company that preservation of such record for a longer period is not necessary or appropriate in the public interest or for the protection of investors or consumers.

(b) *Designation of supervisory official.* Each natural gas company subject to the regulations in this part shall designate one or more persons with official responsibility to supervise the natural gas company's program for preservation and the authorized destruction of its records.

(c) *Protection and storage of records.* The natural gas company shall provide reasonable protection for records subject to the regulations in this part from damage by fires, floods, and other hazards and, in the selection of storage spaces, safeguard the records from unnecessary exposure to deterioration from excessive humidity, dryness, or lack of proper ventilation.

(d) *Definition of record media.* (1) For the purpose of these regulations, the data constituting the records listed in the schedule may be retained in any of the media forms in Figure 1 below, provided that the media selected has a standard life expectancy equal to or in excess of the specified retention period. However, records supporting plant cost shall be retained in their original form unless microfilmed. (See general instruction (j), for periods of retention.) In no instance, except in emergencies, will media regeneration to achieve the full length of period retention be allowed without Commission approval of the request of the company. In emergency cases management shall take action as prudence calls for and notify the Commission immediately thereafter

(2) If the media form of the record retained is other than a readable paper copy, then reader and/or printer equipment and related printout programs, if required, shall be provided by the utility for data reference.

(3) The media form initially selected for the record becomes the "original" for that particular record. If subsequent conditions (e.g., improved media life expectancy, increased company resources, environmental factors) require and the remaining retention period permits a change in the media forms the company may convert to another media and dispose of its old equipment, provided the certification processes described in paragraph (e) of this section are observed and data referencing capability is maintained.

FIGURE 1

[Record media]

| Record media form | Media expected life | Comments and standards |
|---|---|---|
| 1. Paper & card stock (hardcopy). | Archival permanency | For each document, paper stock should be selected with a life expectancy equal to or greater than the retention period specified for that document. |
| 2. Tape: | | |
| Magnetic (including video tape). | 5 years | Assumes storage in a controlled environment with a temperature and humidity range of 60°-80° F. and 40–60%, respectively. (Ref. instruction (g) for specific storage conditions.) |
| Punched | Archival permanency | For each record, tape media (paper, mylar, metallic base) should be selected with a life expectancy equal to or greater than the retention period specified for that record |

FIGURE 1—Continued

[Record media]

| Record media form | Media expected life | Comments and standards |
|---|---|---|
| 3. Microforms: | | |
| a. Microfilm, including Computer Output Microfilm (COM), microfiche jackets, and aperture cards. | do | Assumes processing to standards and storage in a controlled environment with a temperature and humidity range of 60-80 degrees F. and 40-50% respectively. (Ref. American National Standards Institute (ANSI) standards PH 5.4—1970, PH 1.41—1976, PH 1.28—1979, Ph 1.43—1981, or most current standards as accepted by the National Archives for use by federal agencies. See 41 CFR. 101-11.5) |
| b. Updatable type. | Dependent on use of Media. | For temporary records not requiring archival permanency so long as the microform or film selected has a life expectancy equal to, or greater than, the retention period for that record. Same storage conditions as for microfilm. |
| c. Metallic recording data strips. | Archival permanency. | Same storage conditions as for microfilm. |

(e) *Microform and tape certification.* (1) As the initial recording media—

(i) Except as provided in paragraph (e)(1)(ii) of this section, each microform record series:

(A) Shall contain, at the beginning, a microform introduction stating the title of the record series, the date prepared, the name of the official responsible for validating or confirming the data contained therein; and

(B) Shall be closed with a clear and standard microform notation indicating the completion of the series and the date.

(ii) If an official permanent record series is a computer output product (*i.e.,* output paper or microfilm, jacketed microfiche, or aperture cards), any certification that may otherwise be required under paragraph (e)(1)(i) of this section is not required if:

(A) The series is prepared in accordance with written standard procedures developed, or accepted general business practices followed, by the company that ensure the integrity of record series that are the product of computer output; and

(B) Such procedures or practices include the name or title of the official responsible for validating or confirming the data contained in the record series and confirming that a particular computer output record series was produced in accordance with the standard procedures or practices.

(iii) If after validation, supplemental data and/or corrections (i.e., resulting from computer programing) are required, said microform may be produced separately or as a part of the series rerun, but shall be affixed to the original microform certificate as described in subparagraph (1)(i) of this paragraph.

(iv) Each tape record series shall be externally labeled and shall include, as a basic part of the program, at the beginning of that series an introduction stating the record series title, date prepared, the name of the official responsible for validating or confirming the data contained therein and an index where appropriate. Each record series shall be closed with a clear and standard notation indicating the completion of that series and the date.

(2) Conversion from other media—

(i) Each microform record series shall include, as an integral part, a certificate(s) stating that the microforms are direct and facsimile reproductions of the original records and that they have been made in accordance with prescribed instructions. Such certificate(s) shall be executed by a person(s) having personal knowledge of the facts covered thereby.

(ii) Each microform record series shall commence and end with a statement as to the nature and arrangement of the records reproduced, and the date. Rolls of film shall not be cut except to produce jacketed microfiche. Supplemental or retaken film, whether of misplaced or omitted documents or of portions of microform found to be defective, shall be attached to the beginning of the microform record series. However, if a retrieval system using such methods as, for example, image count indexing or "blipping" is used, the supplemental or retaken film may be attached at the end of the series if provisions at the beginning of the series advise the viewer of the location of the problem frames and the location of the supplemental or retaken frames. If supplemental or retaken film of misplaced or omitted documents, or of portions of microform found to be defective, are attached to the microform record series, the certificate described in paragraph (e)(1)(i) of this section shall cover the supplemental or retaken film and shall state the reasons for the attachment.

(iii) If, in accordance with the provisions of paragraph (f) of this section, the natural gas company elects to convert records to the tape media, the same certification provision specified in paragraph (e)(1)(iii) of this section must be provided in the conversion program.

(f) *Change of media for existing records.* Those records prepared and maintained under previous regulations in a paper media and whose remaining retention period falls within the life expectancy range of any of the media detailed in Figure 1, may be converted to that media at the natural gas company's option, provided the applicable certification processes described in paragraph (e) of this section are observed and an audit referencing capability maintained.

(g) *Media.* (1) All records created or maintained in a media and a format other than readable entries on paper shall:

(i) Be prepared, arranged, classified, identified, and indexed as to permit the subsequent location, examination, and reproduction of the record to a readable media;

(ii) Be stored in such a manner as to provide reasonable protection from hazards such as fire, flood, theft, etc.; and maintained in a controlled environment;

(iii) Be regenerated, including proper certification, when damaged. (Also see § 225.2(d)(1).)

(2) The company shall be prepared to furnish, at its own expense, standard facilities for reading media and shall additionally provide, if the Commission so directs, copies of the record in a readable form.

(3) All film stock shall be of approved operationally-permanent-record micro-copying type, which meets the current specifications of the American National Standards Institute.

(h) *Destruction of records.* The destruction of the records permitted to be destroyed under the provisions of the regulations in this part may be performed in any manner elected by the natural gas company concerned. Precautions should be taken, however, to macerate or otherwise destroy the legibility of records, the content of which is forbidden by law to be divulged to unauthorized persons.

(i) *Premature destruction or loss of records.* When records are destroyed or lost before the expiration of the prescribed period of retention, a certified statement listing, as far as may be determined, the records destroyed and describing the circumstances of accidental or other premature destruction or loss shall be filed with the Commission within ninety (90) days from the date of discovery of such destruction.

(j) *Schedule of records and periods of retention.* The schedule of records, § 225.3, shows the period of time that designated records shall be preserved. However, records related to plant shall be retained a minimum of 25 years unless accounting adjustments resulting from reclassification and original cost studies have been approved by the regulatory commission having jurisdiction, and either (1) continuing plant inventory records are maintained (see Definition No. 8, "Continuing Plant Inventory Records," Parts 201 and 204 of this subchapter), or (2) unitization of construction costs appear in work orders.

(k) *Retention periods designated "Destroy at option".* Use of the retention period, "Destroy at option," in the regulations in this part constitutes authorization for such destruction under the conditions specified for the particular types of records, only if such optional destruction is appropriate to limited managerial interest in such records and if such optional destruction is not in conflict with other legal retention requirements or usefulness of such records in satisfying pending regulatory actions or directives.

(l) *Records of services performed by associated companies.* The natural gas company to which the regulations in this part apply shall assure the availability of records of services performed by associated companies for the periods indicated herein, as are necessary, to support the cost of services rendered to it by an associated company.

(m) *Index of records.* At each office of the natural gas company where records are kept or stored, such records as are herein required to be preserved shall be so arranged, filed and currently indexed that they may be readily identified and made available to representatives of the Commission.

(n) *Schedule of notes:* (1) For the purposes of the regulation, a stockholder's account may be treated as a closed account at the time that such stockholder ceases to be a holder of record of the particular class and series of stock of the company and the 6-year retention period prescribed herein shall run from that date. If such person subsequently acquires shares of capital stock of the company and thus again becomes a stockholder of the company, the record of such acquisition shall be treated as a new stockholder account.

(2) The terms "bonds" and "debentures," as used in paragraphs (a) through (f) of this section, shall include all debt securities, such as bonds, debentures, or notes other than debt securities which evidence temporary borrowings and which are expected to be repaid out of the proceeds of the sale of longer term securities. Typical of such temporary debt securities as described in 4(i) would be notes issued to banks evidencing temporary working capital and construction loans and gas storage loans.

(3) Canceled bonds and debentures and paid interest coupons pertaining thereto may be destroyed, provided that a certificate of destruction giving full descriptive reference to the documents destroyed shall be made by the person or persons authorized to perform such destruction and shall be retained by the company for the period herein prescribed. The certificate of destruction evidencing the destruction of paid interest coupons pertaining to bonds or debentures need not contain a listing of the bond or debenture serial numbers pertaining to such paid interest coupons. When documents represent debt secured by mortgage, the certificate of destruction shall also be authorized by a representative of the trustee(s) acting in conjunction with the person or persons destroying the documents or shall have the trustee(s) acceptance thereon. The certificate of destruction above described may be destroyed 6 years after the payment and discharge of the bonds or debentures or interest coupons described in such certificate.

(4) If a retention period is prescribed elsewhere in the schedule with respect to any document which is included as an exhibit to any filing retained pursuant to the requirements of this item, the company need retain only one copy of such document in its files provided appropriate cross references are established.

(5) Life or mortality study data for depreciation purposes shall be retained for 25 years or for 10 years after plant is retired, whichever is longer.

[Order 450, 37 FR 6304, Mar. 28, 1972, as amended by Order 258, 47 FR 42724, 42725, Sept. 29, 1982; Order 335, 48 FR 44483, Sept. 29, 1983]

### § 225.3 Schedule of records and periods of retention.

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9 Automatic data processing records.

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15 Vouchers.
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61 Statistics.
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64 Records of predecessor and former associates.
65 Reports to Federal and State regulatory commissions.
66 Copies of advertisements.

## SCHEDULE OF RECORDS AND PERIODS OF RETENTION

[See footnote at end of table]

| Description | Retention period |
|---|---|
| CORPORATE AND GENERAL | |
| 1.—2. [Reserved] | |
| 3. Reports to stockholders: | |
| (a) Annual reports or statements to stockholders | Retain until receipt of FERC audit report or two years after auditor's exit conference, whichever occurs first |
| 4.—5. [Reserved] | |
| 6. Organizational documents: | |
| (a) Minute books of stockholders', directors', and directors' committee meetings. | 50 years or termination of the corporation's existence, whichever occurs first. |

SCHEDULE OF RECORDS AND PERIODS OF RETENTION—Continued

[See footnote at end of table]

| Description | Retention period |
|---|---|
| (b) Titles, franchises, and licenses: | |
| (1)—(4) [Reserved] | |
| (5) Copies of formal orders of regulatory commissions served upon the utility. | 6 years after final non-appealable order. |
| 7. Contracts and agreements (except contracts provided for elsewhere): | |
| (a) Service contracts, such as for management, accounting and financial services. | 6 years after expiration or cancellation. See § 225.2(j). |
| (b) Contracts with other utilities or other persons for the purchase, sale or interchange of product, or for advance payments for gas. | 6 years after expiration or cancellation. |
| (c)—(f) [Reserved] | |
| (g) Memoranda essential to clarifying or explaining provisions of contracts listed above. | For the same periods as contracts to which they relate. |
| (h) Card or book records of contracts, leases, and agreements made, showing dates of expirations and of renewals, memoranda of receipts, and payments under such contracts, etc. | Do. |
| 8. Accountants' and auditors' reports: | |
| (a) Reports of examinations and audits by accountants and auditors not in the regular employ of the utility (such as reports of public accounting firms and regulatory commission accountants). | 7 years after date of report or Commission audit, whichever comes last. |
| (b) Internal audit reports and work papers | Do. |
| AUTOMATIC DATA PROCESSING | |
| 9. Automatic data processing records. (Retain original source data used as input for data processing and data processing report printouts for the applicable periods prescribed elsewhere in the schedule.): | |
| (a) [Reserved] | |
| (b) Program documentation and revisions thereto | Retain as long as it represents an active viable program or for periods prescribed for related output data, whichever is shorter. |
| GENERAL ACCOUNTING RECORDS | |
| 10. General and subsidiary ledgers: | |
| (a)(1) General ledgers | 50 years. |
| (2) Ledgers subsidiary or auxiliary to general ledgers except ledgers provided for elsewhere. | Do. |
| (b)(1) Indexes to general ledgers | Do. |
| (2) Indexes to subsidiary ledgers except ledgers provided for elsewhere. | Do. |
| (c) Trial balance sheets of general and subsidiary ledgers | 2 years. |
| 11. Journals: General and subsidiary | 50 years. |
| 12. Journal vouchers and journal entries including supporting detail: | |
| (a) Journal vouchers and journal entries | Do. |
| (b) Analyses, summarizations, distributions, and other computations which support journal vouchers and journal entries: | |
| (1) Charging plant accounts | 6 years. See § 225.2(j). |
| (2) Charging all other accounts | 6 years. |
| 13. Cash books: (a) General and subsidiary or auxiliary books | 10 years after close of fiscal year. See Subsection 12(a). |
| 14. Voucher registers: (a) Voucher registers or similar records when used as a source document. | 6 years. See § 225.2(j). |
| 15. Vouchers: | |
| (a) Paid and canceled vouchers (1 copy—analysis sheets showing detailed distribution of charges on individual vouchers and other supporting papers). | Do. |
| (b) Original bills and invoices for materials, services, etc., paid by vouchers. | Do. |
| (c) Paid checks and receipts for payments by voucher or otherwise. | 6 years. |
| (d) Authorization for the payment of specific vouchers | 6 years. See § 225.2(j). |
| (e) Lists of unaudited bills (accounts payable), lists of vouchers transmitted and memoranda regarding changes in unaudited bills. | Destroy at option. |
| (f) Voucher indexes | Do. |
| 16.—19. [Reserved] | |
| INSURANCE | |
| 20. Insurance records: | |
| (a) Records of insurance policies in force, showing coverage, premiums paid and expiration dates. | Destroy at option after expiration of such policies. |

SCHEDULE OF RECORDS AND PERIODS OF RETENTION—Continued

[See footnote at end of table]

| Description | Retention period |
|---|---|
| (b) [Reserved] | |
| (c) Records of amounts recovered from insurance companies in connection with losses and of claims against insurance companies, including reports of losses and supporting papers. | 6 years. See § 225.2(j). |
| 21. [Reserved] | |
| OPERATIONS AND MAINTENANCE | |
| 22. Production—Gas: | |
| (a) [Reserved] | |
| (b) Gas generation and output logs with supporting data | 6 years. |
| (c)—(e) [Reserved] | |
| (f) Recording instrument charts such as pressure (static and/or differential), temperature specific gravity, heating value, etc. | 1 year, except where the basic chart information transferred to another record, the charts need on be retained 6 months provided the record contain ing the basic data is retained one year. |
| (g) Test of heating value at stations and outlying points | 6 years. |
| (h) Records of gas produced, gas purchased, gas sent out and holder stock. | Do. |
| (i) Analysis of gas produced and purchased including B.t.u. and sulphur content. | Do. |
| (j) [Reserved] | |
| (k) Well records, including cleaning, bailing, shooting, etc., records; rock pressure; open flow; production, gas analysts' reports, etc. | 1 year after field or relevant production area aba doned. |
| (l)—(m) [Reserved] | |
| (n) Gas measuring records | 1 year, except where the basic chart information transferred to another record, the charts need on be retained 6 months provided the record contain ing the basic data is retained 1 year. |
| 23. Transmission and distribution—Gas: [1] | |
| (a) Transmission line logs | 3 years. |
| (b) Transmission and distribution department load dispatching operating logs. | Do. |
| (c)—(i) [Reserved] | |
| (j) Gas measuring records | 1 year. |
| (k) Transmission line operating reports | 3 years. |
| (l) Compressor operation and reports | Do. |
| (m) [Reserved] | |
| (n) Recording instrument charts such as pressure (static and differential), temperature, specific gravity, heating value, etc. | 1 year, except where the basic chart information transferred to another record, the charts need on be retained 6 months provided the record contain ing the basic data is retained 1 year. |
| 23.1 Underground storage of natural gas: | |
| (a) Well records, reports and logs which includes data relating to pressures, injected volumes, withdrawn volumes, core analysis, daily volumes of gas injected into and withdrawn from reservoir, and cushion and working gas volumes for each reservoir. | 1 year after reservoir, field, or relevant storage a is abandoned. |
| (b) Records containing information relating to reservior gas leakage, showing the total gas leakage and recycled gas. | Do. |
| (c) [Reserved] | |
| (d) Records on back pressure tests field data | 1 year or until superseded. |
| (e) Records on back pressure test results, gas analysis | Do. |
| 24.—25. [Reserved] | |
| 26. Maintenance work orders and job orders: | |
| (a) Authorizations for expenditures for maintenance work to be covered by work orders, including memoranda showing the estimates of costs to be incurred. | 6 years. |
| (b) Work order sheets to which are posted in detail the entries for labor, material, and other charges in connection with maintenance, and other work pertaining to utility operations. | Do. |
| (c) Summaries of expenditures on maintenance and job orders and clearances to operating and other accounts (exclusive of plant accounts). | Do. |
| PERSONNEL | |
| 27.—29. [Reserved] | |
| PLANT AND DEPRECIATION | |
| 30. Plant ledgers: | |
| (a) Ledgers of utility plant accounts including land and other detailed ledgers showing the cost of utility plant by classes. | 50 years. |

SCHEDULE OF RECORDS AND PERIODS OF RETENTION—Continued

[See footnote at end of table]

| Description | Retention period |
|---|---|
| (b) Continuing plant inventory ledger, book or card records showing description, location, quantities, cost, etc., of physical units (or items) of utility plant owned. | 6 years after plant is retired, provided mortality data are retained.[1] |
| 31. Construction work in progress ledgers, work orders, and supplemental records: | |
| (a) Construction work in progress ledgers | 10 years after clearance to the plant account, provided continuing plant inventory records are maintained, otherwise 6 years after plant is retired. |
| (b) Work order sheets to which are posted in summary form or in detail the entries for labor, materials and other charges for utility plant additions and the entries closing the work orders to utility plant in service at completion. | Do. |
| (c) Authorizations for expenditures for additions to utility plant, including memoranda showing the detailed estimates of cost and the bases therefor (including original and revised or subsequent authorizations). | 10 years. |
| (d) Requisitions and registers of authorizations for utility plant expenditures. | Do. |
| (e) Completion or performance reports showing comparison between authorized estimates and actual expenditures for utility plant additions. | Do. |
| (f) Analysis or cost reports showing quantities of materials used, unit costs, number of man-hours, etc., in connection with completed construction project. | 10 years after clearance to the plant account, provided continuing property plant inventory records are maintained, otherwise 6 years after plant is retired. |
| (g) Records and reports pertaining to progress of construction work, the order in which jobs are to be completed, and similar records which do not form a basis of entries to the accounts. | Destroy at option. |
| (h) Well-drilling logs and well-construction records | 1 year after field or relevant production are abandoned. |
| 32. Retirement work in progress ledgers, work orders, and supplemental records: | |
| (a) Work order sheets to which are posted the entries for removal costs, materials recovered, and credits to utility plant accounts for cost of plant retired. | 10 years after plant is retired.[1] |
| (b) Authorizations for retirement of utility plant, including memoranda showing the basis for determination of cost of plant to be retired and estimates of salvage and removal costs. | 10 years after clearance to the plant account, provided continuing plant inventory records are maintained; otherwise 6 years after plant is retired.[1] |
| (c) Registers of retirement work orders | 10 years. |
| 33. Summary sheets, distribution sheets, reports, statements, and papers directly supporting debits and credits to utility plant accounts not covered by construction or retirement work orders and their supporting records. | 10 years after clearance to the plant account, provided continuing plant inventory records are maintained, otherwise 6 years after plant is retired. |
| 34. Appraisals and valuations: Appraisals and valuations made by the company of its properties or investments or of the properties or investments of any associated companies. (Includes all records essential thereto.) | 3 years after disposition, termination of lease, or write-off of property or investment. |
| 35. [Reserved] | |
| 36. The original or reproductions of engineering records, drawings and other supporting data for proposed as constructed natural gas facilities: | |
| (a) Maps, diagrams, profiles, photographs, field survey notes, plot plan, detail drawings, records of engineering studies and similar records showing the location of proposed or as-constructed facilities: | |
| (1) If construction of facility results wholly, or in part | Retain until receipt of FERC audit report or two years after auditor's exit conference, whichever occurs first. |
| 37. Contracts and other agreements relating to natural gas company records. | |
| (a) Contracts relating to acquisition or sale of plant | 6 years after plant is retired. |
| (b) [Reserved] | |
| (c) The primary records of gas acreage owned, leased or optioned excluding deeds and leases but including such records as lease sheets, leasehold cards, and option agreements. | 6 years after rights to the gas acreage have expired or otherwise dissolved. |
| 38. Records pertaining to reclassifications of utility plant accounts to conform to prescribed systems of accounts, including supporting papers showing the bases for such reclassifications. | 6 years. See § 225.2(j). |

### SCHEDULE OF RECORDS AND PERIODS OF RETENTION—Continued

[See footnote at end of table]

| Description | Retention period |
|---|---|
| 39. Records of accumulated provisions for depreciation and depletion of utility plant and supporting computation of expense: | |
| (a) Detailed records or analysis sheets segregating the accumulated depreciation according to functional classification of plant. | 25 years. |
| (b) Records reflecting the service life of property and the percentage of salvage and costs of removal for property retired from each account for depreciable utility plant. | Do.[1] |
| PURCHASES AND STORES | |
| 40. Procurements: | |
| (a) Agreements entered into for the acquisition of goods or the performance of services. Includes all forms of agreements not specifically set forth in Subsection 7 such as, but not limited to: Letters of intent, exchange of correspondence, master agreements, term contracts, rental agreements and the various types of purchase orders: | |
| (1) For goods or services relating to plant construction | 6 years. See § 225.2(j). |
| (2) For other goods or services | 6 years. |
| (b) Supporting documents including accepted and unaccepted bids or proposals (summaries of unaccepted bids and proposals may be kept in lieu of originals) evidencing all relevant elements of the procurement. | 6 years. See § 225.2(j). |
| 41. Material ledgers: | |
| (a) Ledger sheets of materials and supplies received, issued, and on hand. | Retain until receipt of FERC audit report or two years after auditor's exit conference, whichever occurs first. |
| 42. Materials and supplies received and issued: | |
| (a)—(b) [Reserved] | |
| (c) Records showing the detailed distribution of materials and supplies issued during accounting periods. | 6 years. See § 225.2(j). |
| 43. Records of sales of scrap and materials and supplies: | |
| (a) Authorizations for sale of scrap and materials and supplies | 3 years. |
| (b) Contracts for sale of scrap and materials and supplies | Do. |
| 44. [Reserved] | |
| REVENUE ACCOUNTING AND COLLECTING | |
| 45. Customers' service applications and contracts: | |
| (a)—(g) [Reserved] | |
| (h) Contracts for extensions of service for which contributions are made by customers or others. | Retain until receipt of FERC audit report or two years after auditor's exit conference, whichever occurs first. |
| 46. Rate schedules: | |
| (a) General files of published rate sheets and schedules of utility service. (Including schedules suspended or superseded.) | Retain until receipt of FERC audit report or two years after auditor's exit conference, whichever occurs first. |
| 47.—48. [Reserved] | |
| 49. Maximum demand, pressure, temperature, and specific gravity charts and demand meter record cards | 1 year, except where the basic chart information is transferred to another record the charts need only be retained 6 months, provided the record containing the basic data is retained 1 year. |
| 50. Miscellaneous billing data: | |
| (a) Billing department's copies of contracts with customers (in addition to contracts in general files). | Destroy at option. |
| 51. Revenue summaries: | |
| (a) Summaries of monthly operating revenues according to classes of service for entire utility. | 6 years. |
| (b) Summaries of monthly operating revenues according to classes of service by towns, districts, or divisions (including summaries of forfeited discounts and penalties). | Do. |
| 52.—56. [Reserved] | |
| TAX | |
| 57. Tax records: | |
| (a) Copies of returns and schedules filed with taxing authorities, supporting work papers, records of appeals, tax bills and receipts for payments. (See subsection 15(b) for vouchers evidencing disbursements): | |
| (1) Income tax returns | 7 years after settlement. |
| (2) Property tax returns | 2 years after settlement. |
| (3) Sales and use taxes | 3 years. |

SCHEDULE OF RECORDS AND PERIODS OF RETENTION—Continued

[See footnote at end of table]

| Description | Retention period |
|---|---|
| (4) Other taxes | 2 years after settlement. |
| (5) Agreements between associate companies as to allocation of consolidated income taxes. | 7 years after settlement. |
| (6) Schedule of allocation of consolidated Federal income taxes among associated companies. | Do. |
| (b) Summaries of taxes paid | Destroy at option. |
| (c) Filings with taxing authorities to qualify employee benefit plans | 7 years after settlement of Federal return or discontinuance of plan, whichever is later. |
| (d) Information returns and reports to taxing authorities | 3 years, or for the period of any extensions granted for audit. |
| TREASURY | |
| 58. Statements of funds and deposits: | |
| (a) Summaries and periodic statements of cash balances on hand and with depositories. | Destroy at option. |
| (b) Statement of managers' and agents' cash balances on hand and with depositories. | Do. |
| 59. Records of deposits with banks and others: | |
| (a—(b) [Reserved] | |
| (c) Statements from depositories showing the details of funds received, disbursed, transferred, and balances on deposit. | Do. |
| (d)—(e) [Reserved] | |
| (f) Check stubs, registers, or other records of checks issued | 6 years. |
| 60. Records of receipts and disbursements: | |
| (a) Daily or other periodic statements of receipts or disbursements of funds. | Destroy at option after completion of annual audit by independent accountants. |
| (b) Records or periodic statements of outstanding vouchers, checks, drafts, etc. issued and not presented. | Do. |
| (c) Reports of associates showing working fund transactions and summaries thereof. | Do. |
| (d) Reports of revenue collections by field cashiers, pay stations, etc. | Do. |
| MISCELLANEOUS | |
| 61. Statistics: | |
| (a) Annual financial, operating and statistical reports regularly prepared in the course of business for internal administrative or operating purposes (and not used as the basis for entries to accounts of the companies concerned) to show the results of operations and the financial condition of the utility. | 10 years after date of report. |
| (b) Quarterly, monthly or other periodic financial, operating and other statistical reports as above. | 2 years after date of report. |
| 62. Budgets and other forecasts: (Prepared for internal administrative or operating purposes) of estimated future income, receipts and expenditures in connection with financing, construction and operations and acquisitions or disposals of properties or investments by the company and its associate companies, including revisions of such estimates and memoranda showing reasons for revisions; also records showing comparison of actual income and receipts and expenditures with estimates | 3 years. |
| 63. [Reserved] | |
| 64. Records of predecessors and former associates | Retain until the records of utility plant acquired have been integrated with the utility's plant records and the original cost of the acquired plant is adequately supported by cost details and until it is ascertained that such records are not necessary to fulfillment of any unsatisfied regulatory requirements, such as: (a) Approval and recording of accounting adjustments resulting from reclassification and original cost studies and acceptance of property acquisition journal entries, (b) establishment of continuing plant inventory records or accounting evidence of the cost of long-lived property in the absence of such continuing plant inventory records. |
| 65. Reports to Federal and State regulatory commissions: | |
| (a) Annual financial, operating and statistical reports: | |
| (1) Federal agencies | Retain until receipt of FERC audit report or two years after auditor's exit conference, whichever occurs first. |

SCHEDULE OF RECORDS AND PERIODS OF RETENTION—Continued

[See footnote at end of table]

| Description | Retention period |
|---|---|
| (2) State Commissions | Retain as long as the active tariffs or rates are effect. |
| (b) [Reserved] | |
| (c) Special or periodic reports on the following subjects: | |
| (1) Transactions with associated companies | 6 years. |
| (2) Budgets of expenditures | 3 years. |
| (3) [Reserved] | |
| (4) Employees and wages | 5 years. |
| (5) Loans to officers and employees | 3 years after fully paid. |
| (6) [Reserved] | |
| (7) Purchases and sales, utility properties | Ten years after the plant is retired. |
| (8) Plant changes—units added and retired | Do. |
| (d) Records required to be retained under § 277.210 of this chapter, relating to the Natural Gas Policy Act of 1978 | 3 years. |
| 66. Other miscellaneous records: | |
| (a) Copies of advertisements by the company in behalf of itself or any associate company in newspapers, magazines and other publications including records thereof. (Excluding advertising of product, appliances, employment opportunities, services, territory, routine notices and invitations for bids for securities, all of which may be destroyed at option.) | Do. |

[1] See § 225.2, *General instructions* (n)—Schedule of Notes (5).

[Order 450, 37 FR 6304, Mar. 28, 1972, as amended by Order 253, 47 FR 42726, Sept. 29, 1982; Order 335, 48 FR 44483, Sept. 29, 1983; Order 95-A, 51 FR 7932, Mar. 7, 1986]

# SUBCHAPTER G—APPROVED FORMS, NATURAL GAS ACT

## PART 250—FORMS

Sec.
250.1 [Reserved]
250.2 Form of proposed cancellation of tariff or part thereof (see § 154.64).
250.3 Form of proposed cancellation or termination of contract or part thereof (see § 154.64).
250.4 Form of certificate of adoption (see § 154.65).
250.5 Contract summary to be filed by all applicants for certificates of public convenience and necessity, including successors in interest (see § 157.24(a) of this chapter).
250.6 Form of application to be filed by distributor under section 7(a), seeking gas service of not more than 2,000 Mcf per day (3d year of operation) for a single community (see § 156.3(d) of this chapter).
250.7 Form of contract summary for abandonment applications.
250.8 Summary to accompany rate schedule filed by an assignee as successor in interest.
250.9 Form of notice of proposed cancellation or termination of independent producer rate schedule or part thereof, where no new schedule is to be filed in its place.
250.10 Application for small producer exemption.
250.11 [Reserved]
250.12 Escrow agreement.
250.13 [Reserved]
250.14 Independent producer rate change or initial billing statement.
250.15 [Reserved]
250.16 Format of compliance plan for transportation services and affiliate transactions.

AUTHORITY: Department of Energy Organization Act, 42 U.S.C. 7101-7352 (1982); E.O. No. 12009, 3 CFR 1978 Comp. p. 142; Natural Gas Act, 15 U.S.C. 717-717w (1982); Natural Gas Policy Act of 1978, 15 U.S.C. 3301-3432 (1982).

### § 250.1 [Reserved]

### § 250.2 Form of proposed cancellation of tariff or part thereof (see § 154.64).

Name of Company ————————
FPC Gas Tariff Original Volume No. ————
Revised Sheet No. ————————
Superseding Sheet(s) No. ————————

CANCELLATION OF TARIFF

To be Used for Cancellation of an Entire Tariff

Notice is hereby given that effective ———— (date) FPC Gas Tariff of ———— (Name of Company) is to be cancelled.

CANCELLATION OF RATE SCHEDULE

To be Used When an Entire Rate Schedule is to be Cancelled

Notice is hereby given that effective ———— (date) Rate Schedule ———— constituting ———— Sheet(s) No.(s) ——— of the FPC Gas Tariff of ———— (Name of Company) is to be cancelled.

CANCELLATION OF SHEET NO. ————

To be Used for Cancellation of Individual Sheets

Notice is hereby given that effective ———— (date) Sheet(s) No.(s) ——— of the FPC Gas Tariff of ———— (Name of Company) is to be cancelled.
Issued by ———— (Name and Title of Issuing Officer) Effective ———— (date).
Issued on ————————

[Order 144, 13 FR 6376, Oct. 30, 1948]

### § 250.3 Form of proposed cancellation or termination of contract or part thereof (see § 154.64).

Notice is hereby given that effective the ———— day of ————, ——, the contract with ————, (Name of purchaser or purchasers) dated ———— and relating to service under rate schedule(s) ———— (Here identify the rate schedule(s), giving sheet numbers in the Tariff) is to be ———— (Specify whether it automatically terminates by its terms or is to be canceled by action of the parties) ———— (Name of natural-gas company filing notice)
By ————————

————————
(Title)
Dated ————————

[Order 144, 13 FR 6376, Oct. 30, 1948]

### § 250.4 Form of certificate of adoption (see § 154.65).

The ———— (Exact name of company or person) ———— (Address) effective ———— (Effective date of adoption) hereby adopts, ratifies, and makes its own, in every respect, the Tariff and contracts listed below, which have heretofore been filed with the Federal Power Commission by ————————

(Exact name of predecessor)

———————— (Here identify the Tariff and contracts adopted.)

———————— (Name of successor)

By ————————

————————

(Title)

Dated ————————, 194—.

[Order 144, 13 FR 6376, Oct. 30, 1948]

## § 250.5 Contract summary to be filed by all applicants for certificates of public convenience and necessity, including successors in interest. (See § 157.24(a) of this chapter.)

*OMB Reference:* "Format No. FERC 558" is the identification number used by the Commission and the Office of Management and Budget to reference the filing requirements in § 250.5

All applicants shall complete Part I. An applicant who is an assignee (including farmout) filing as a successor shall also complete Part II-A and Part II-B if the related rate schedule is under suspension, if the rate is in effect subject to refund, or if the sale is being made by the assignor under termporary certificate with a rate refund condition. The reporting pressure base is 14.73 psia. The information in this format will not be treated as confidential or proprietary.

Date ————————

PART I

(1) Name of applicant ————————

(2) Person responsible for application:

(a) Name and title ————————

(b) Mailing address ————————

(c) Telephone No. ————————

(3) Name of purchaser ————————

(4) Are applicant and purchaser affiliated?

No——Yes——

(5) Location of sale ————————

(Field, County, State)

(6) Type of application [2] ————————

(7) Date of contract ————————

(8) Base price in dollars per MMBtu (exclusive of any statutory adjustments and tax reimbursements)

————————

(9) Statutory adjustments, including tax reimbursements, to be added to the base price in Item (8) above [3]

————————

(10) Estimated sales for the first month of deliveries (MMBtu or Mcf per month)

————————

(11) Estimated delivery pressure ————————

(12) Delivery point, e.g., wellhead, plant tailgate, central point in field, etc.

————————

(13) Advance payments: Yes No

PART II-A

(14) Assignor ————————

(15) Description of service to be continued

(a) FERC Docket No.(s) under which assignor was originally authorized:

(b) Proposed disposition of assignor's FERC Gas Rate Schedule(s)

————————

PART II-B

(16) Suspension Docket No. ————————

(17) Price currently being collected subject to refund (in dollars per MMBtu)

————————

(18) Date price made effective subject to refund

————————

(19) Estimated amount subject to possible annual refund $

————————

(20) In addition to the refund obligation required by § 154.92(d)(3), does assignee intend to file bond or undertaking to assure total refund: (a) from the date increased rate of assignor became effective subject to refund or (b) from date operation commenced under assignor's temporary certificate containing a refund condition? Yes No

## § 250.6 Form of application to be filed by distributor under section 7(a), seeking gas service of not more than 2,000 Mcf per day (3d year of operation) for a single community (see § 156.3(d) of this chapter).

1. Name of applicant (indicate whether individual, corporation or municipality).

2. Address.

---

[2] Specify whether initial service, add acreage, delete acreage, continue service of predecessor, farmout, or other. If "other", give details.

[3] Specify the amount for each type of statutory adjustment (*e.g.*, gathering, dehydration, compression, liquefiable hydrocarbons, etc.) in the manner actually billed and received, either in cents per MMBtu of Mcf.

3. Name, title, mailing address, and telephone number of person to be contacted concerning the application.

4. Name of natural gas company from whom service is desired.

5. Are you now rendering gas service? If so, briefly describe operations.

6. Nature of service sought, giving a brief description of proposal, including location of community, population, number of residences and kind of service sought and to be rendered, showing:

(a) Is this an initial connection with the pipe line, or is it an extension or improvement of existing facilities?

(b) Estimate of maximum day requirements for residential, commercial and industrial customers for each of the first three years of proposed operations (Mcf at 14.73 psia), and how the estimates were derived;

(c) Estimate of annual requirements for residential, commercial and industrial customers for each of the first three years of proposed operations (Mcf at 14.73 psia), and how the estimates were derived.

7. Do you have or do you need a franchise to render the proposed service? If you have filed an application for such a franchise, with whom was it filed and what action has been taken on it?

8. Do you have or do you need a state certificate approving the proposed distribution system project? If you have filed an application for such a certificate, with whom was it filed and what action has been taken on it?

9. When do you propose to start construction and when do you estimate it will be completed? When do you propose to start selling gas?

10. How much are the facilities expected to cost? Show separately the estimated cost of the distribution system, the connecting supply lines, legal fees, financing fees and engineering fees, and briefly state how the estimates were derived.

11. Have you used the services of an engineering consultant? If so, the consultant should state his experience in the design of distribution systems, cost data of systems now in service compared with his initial estimates, and the actual rate at which new customers were attached in the new distribution systems.

12. How do you propose to finance the proposed facilities? Submit evidence that the money will be available. (This evidence need not be submitted if you have a state certificate for your project.)

13. For each of the first three years of operation of the proposed facilities, show (a) the estimated gross annual revenues for the natural gas estimated to be sold to residential, commercial and industrial customers as shown in item 6(c) and the rates you propose to charge, and (b) the cost of gas purchased by you (state the rate to be paid to the pipeline supplier and the pipeline's rate schedule under which you will purchase said gas), other operating and maintenance expenses and operating revenue deductions, and (c) the net operating revenues. If you have received a certificate of public convenience and necessity issued by a local regulatory commission, it may be submitted in lieu of this requirement.

14. Municipalities should submit a bond amortization and interest schedule for the life of the bond issue related to the project and computation of the average debt service coverage ratio over the life of the issue. State briefly how all estimates were derived.

Exhibits to be furnished:

*Exhibit A.* A geographical map showing clearly all of the transmission facilities proposed to be installed and operated by you between your distribution system and the transmission pipeline system of the proposed supplier, including:

(a) Location, length and size of your transmission lines;

(b) Location and size (related horsepower) of your transmission compressor stations (if any);

(c) Location and designation of each point of connection of your proposed transmission facilities with proposed pipeline supplier;

(d) And if known, location, length and size of facilities to be installed by the proposed supplier.

*Exhibit B.* A flow diagram showing the maximum daily capacity of the proposed connecting pipeline to carry gas from the supplier to the community to be served. The diagram should show expected operating pressures on the connecting pipeline at the point of connection with the supplier and at the other terminal of the connecting pipeline flow of gas through the connecting pipeline in Mcf per day; length of the connecting pipeline and its inside and outside diameter.

[Order 280, 29 FR 4879, Apr. 7, 1964]

### § 250.7 Form of contract summary for abandonment applications.

(See § 157.30(b) of this chapter.)

1. Name of seller ———————
2. Sale authorized in Docket No. ———
3. Name of purchaser ———————
4. Location of sale ———————
(Field, county, state)
5. Date of basic contract and Rate Schedule No. ———————
6. Last effective rate (cents/Mcf) ———
7. Measurement pressure base (psia) ——
8. Involved in suspension proceeding: No——Yes—— Docket No. ———————
9. Purchaser has indicated concurrence: Yes—— No——.
10. Reasons for abandonment (Specify) —

[Order 278, 29 FR 3700, Mar. 25, 1964]

### § 250.8 Summary to accompany rate schedule filed by an assignee as successor in interest.

(See § 154.92(d) of this chapter.)

(1) Name of assignee __________

(2) Name of assignor __________

(3) Designation of assignor's FPC Gas Rate Schedule __________

__________

(4) Effective date of transfer of ownership

__________

(5) Proposed effective date of assignment

__________

(6) (a) Is related certificate application filed herewith: Yes ( ); No ( ). If no, reason(s) __________

(b) Is motion to be substituted for assignor being filed in any formal rate docket involving the assignor's rate schedule: Yes ( ); No ( ). If yes, give docket number(s).

(7) Additional comments: __________

__________

(8) __________

(Sighature (or name) of assignee)

By __________

(Title)

Dated: __________

Parties served copies of this summary:

[Order 278, 29 FR 3700, Mar. 25, 1964]

### § 250.9 Form of notice of proposed cancellation or termination of independent producer rate schedule or part thereof, where no new schedule is to be filed in its place.

(See § 154.97(a) of this chapter.)

Date __________

(1) Rate schedule proposed to be canceled

__________

(2) Type of cancellation—Partial ( ); Complete ( ).

(3) Proposed effective date of cancellation

(4) (a) Has service ceased from acreage involved: Yes ( ); No ( ).

(b) Is application to abandon filed herewith: Yes ( ); No ( ). (1) If no, give reason:

__________

(5) Reason for cancellation (not necessary if the reasons are stated in any related accompanying abandonment application) __________

__________

(6) Additional comments __________

__________

(7) Signature and title of producer or person authorized to sign in his behalf:

__________

(Signature)

__________

(Title)

(8) The following persons have been served with copies of this notice:

[Order 278, 29 FR 3701, Mar. 25, 1964]

### § 250.10 Application for small producer exemption.

(See § 157.40(b)(4) of this chapter.)

APPLICATION FOR SMALL PRODUCER EXEMPTION

(See § 157.40(b)(4))

Note: Independent Producers of natural gas whose total jurisdictional sales on a nationwide basis for the preceding calendar year, combined with those of "affiliated producers," were not in excess of 10,000,000 Mcf may file the information called for in this form for a Small Producer Exemption to sell gas (in four copies). Include volumes of gas paid for but not taken under prepayment clauses or otherwise, and volumes of gas sold under other independent producer rate schedules in the proportion that the independent producer seeking to come within § 157.40 has an interest in such sales. Do not include sales made pursuant to percentage sales contracts. If insufficient space is given for a complete answer, continue the answer on the reverse side or on a separate sheet noting the relevant number.

1. Name of applicant __________
2. State of organization __________
3. Location of principal place of business __________
4. Type of organization (corporation, partnership, joint venture, etc.) __________
5. Person responsible for application name, title, and mailing address __________
6. Total jurisdictional sales volumes at ____ psia for calendar year preceding application. (If more than one applicant is to be covered by this exemption, give the total jurisdictional sales volumes of each applicant separately.) __________
7. List all certificates presently held by docket number and list all contracts on file with the Commission as rate schedules by rate schedule name and number. Include in such listing applicants' interests in gas sales covered by other producers certificates and rate schedules. List all interest owners and the amount of their interest for each sale to be covered by this exemption. (See reverse side for reporting) __________

8. List all owners of more than 10 percent interest in applicant: (a) Individual name; (b) percent of ownership ————————
9. List all interest owned by the individually named owners in other natural gas companies: (a) Individual name; (b) company names; (c) percent of applicant ownership
10. List for each owner the positions held by these individual owners in applicant company or any other natural gas company —
11. Is applicant or any individual owner listed, affiliated with any purchaser of jurisdictional gas from applicant? (If so list name of buyer and seller for each sale and nature of affiliation.) ————————

————————
Signature

————————
Title

————————
Date

SALES UNDER RATE SCHEDULE OF APPLICANT

| Applicant | Docket No. | Rate schedule No. | Interest ownership under rate schedule | |
|---|---|---|---|---|
| | | | Name | Percent interest |
| | | | | |

APPLICANTS SALES UNDER RATE SCHEDULE OF OTHERS

| Other seller | Docket No. | Rate schedule No. | Applicants percent interest in rate schedule |
|---|---|---|---|
| | | | |

Note: Place an asterisk (*) after each co-owners name whose interest is not to be covered by the Small Producer Exemption applied for.

[Order 308, 30 FR 14011, Nov. 5, 1965, as amended by Order 428, 36 FR 5602, Mar. 25, 1971; 46 FR 15876, Mar. 10, 1981]

### § 250.11 [Reserved]

### § 250.12 Escrow agreement.

(a) A natural-gas company which has been ordered by the Commission to retain refundable moneys in an escrow account pending further action of the Commission prescribing the disposition of such refund moneys, and has executed an escrow agreement in the form prescribed in paragraph (b) of this section, may file, in lieu of filing the agreement with the Commission, an original and two conformed copies of a certificate attesting to the fact that it has executed such an agreement.

(b) Form of escrow agreement:

ESCROW AGREEMENT

(Name of Respondent)
and
(Name of Escrow Agent)

This agreement made between (Name of Respondent) hereinafter called Respondent and (Name of Bank), a banking institution, association, or trust company, used as a depository for funds of the U.S. Government, (Address), hereinafter called "Escrow Agent;"

Witnesseth:

ARTICLE I

DEFINITIONS

SECTION 1.01. As used in this agreement, the following expressions shall have the meanings respectively indicated:

(a) "Commission" means the Federal Power Commission, an agency of the United States of America.

(b) "Secretary" means the Secretary, the Acting Secretary, or the Office of the Secretary of the Commission.

(c) "Proceeding" means the proceeding or proceedings before the Commission entitled: "(Name of Respondent), Docket No. ——."

(d) "Respondent" means the party, whether a producer, seller or jurisdictional pipeline purchaser, who is directed by order of the Commission to place refund moneys in escrow.

(e) "Refund moneys" means the amounts of revenue, including applicable interest, for gas sales charged and collected by Respondent computed as ordered by the Commission, which are to be placed in escrow under this Escrow Agreement.

ARTICLE II

TERM OF ESCROW AGREEMENT

SEC. 2.01. Respondent hereby transfers and assigns to the Escrow Agent the amount of refund moneys ordered to be held in escrow, and to that end, agrees to deposit, or cause to be deposited, such moneys within 10 days of the date hereof with the Escrow Agent plus interest as ordered by the Commission.

SEC. 2.02. Respondent, the Escrow Agent, and the successors and assigns of each, shall be, and hereby are bound to the Commission to pay all or any portion of such moneys and the interest thereon to such person or persons as may be identified and designated by the Commission and in the manner which it may be directed by the Commission in the proceeding.

SEC. 2.03. The Escrow Agent shall invest and reinvest such monies only in obligations of the United States of America which are due and payable within 1 year or less from the date of purchase.

SEC. 2.04. The Escrow Agent shall be liable only for such interest as the invested funds described in sections 2.01 and 2.03 shall earn, and no other interest may be collected from the Escrow Agent.

SEC. 2.05. The Escrow Agent shall be entitled to such compensation as is fair, reasonable, and customary for its services as such, which compensation shall be paid out of the corpus, and earned interest of the Escrow Fund. The Escrow Agent shall likewise be entitled to reimbursement for its reasonable expenses, necessarily incurred in the administration of this escrow, which reimbursement shall be made out of the corpus, or earned interest of the Escrow Fund.

SEC. 2.06. The Escrow Agent shall report to the Secretary of the Commission annually certifying the amount deposited in escrow, and accounting for any disbursements therefrom for the annual period.

SEC. 2.07. Should Respondent be released by final order of the Commission from any or all obligation with respect to such refundable monies, this Escrow Fund shall be discharged in like amount; otherwise it shall remain in full force and effect.

### ARTICLE III

### DISTRIBUTION OF FUNDS AND TERMINATION OF ESCROW AGREEMENT

SEC. 3.01. Upon receipt by the Escrow Agent of a copy of an order of the Commission directing disbursement by Respondent of the refund monies, the Escrow Agent shall transfer and deliver to Respondent such monies for payment to the parties ultimately determined by the Commission to be entitled thereto, and to that end the Escrow Agent shall liquidate all securities held in the Escrow Fund necessary to make such payments, and this Escrow Fund shall thereupon cease and terminate.

### ARTICLE IV

### RESPECTING THE ESCROW AGENT

SEC. 4.01. The Escrow Agent shall be fully protected in acting and relying on any order, certificate, direction, communication, or other document, from the Commission, which the Escrow Agent in good faith believes to be genuine and what it purports to be.

SEC. 4.02. The Escrow Agent may at any time and from time to time consult with legal counsel of its own choice, and shall be fully protected in acting and relying on the advice of such counsel with respect to any matter arising in the administration of this Escrow Fund.

SEC. 4.03. The Escrow Agent shall have no liability for damage resulting from any action or omission of it hereunder, unless it be established that such damage was caused by negligence contributing to such damages or willful bad faith of the Escrow Agent.

SEC. 4.04. Nothing in sections 4.02 and 4.03 in this Article IV shall be construed as limiting or impairing the obligation of the Escrow Agent under section 2.02 hereof.

SEC. 4.05. The obligations of the Escrow Agent hereunder shall be limited to the amounts deposited with it hereunder, and the interest thereon resulting from investments as herein directed.

SEC. 4.06. The Escrow Agent joins herein for the purpose of evidencing its approval and consent to the terms hereof and its acceptance of the fund hereby created, and the Escrow Agent agrees to hold, invest, administer and dispose of the funds deposited hereunder with it in accordance with the terms hereof.

### ARTICLE V

### MISCELLANEOUS

SEC. 5.01. This instrument may be amended by an order, letter or other communication of the Commission, provided that no such amendment shall substantially increase the duties or diminish the compensation, privileges, or immunities of the Escrow Agent.

SEC. 5.02. The Escrow Agent may resign at any time upon thirty (30) days' prior written notice given to the Commission. Upon the resignation of the Escrow Agent, a successor bank or trust company used as a depository for funds of the U.S. Government shall be designated by Respondent. However, resignation of an Escrow Agent shall not become effective until a qualified successor Escrow Agent has indicated its acceptance of the appointment as such. Upon the designation and acceptance of the appointment of the qualified successor Escrow Agent, the resigning Escrow Agent shall transfer and deliver, without charge, all property, funds and accounts then held thereunder to the successor Escrow Agent.

Executed this —— day of ————— 19—.

—————————
(Name of Respondent)

By —————————
(Name of Escrow Agent)

Attest:

___________

By ___________

Attest:

___________

[Order 400, 35 FR 7011, May 2, 1970]

### § 250.13 [Reserved]

### § 250.14 Independent producer rate change or initial billing statement.

(See §§ 154.92 and 154.94)

*OMB Reference:* "Format FERC No. 559" is the identification number used by the Commission and the Office of Management and Budget to reference the filing requirements in § 250.14.

| | | For Commission use only |
|---|---|---|
| | Gas Rate<br>Schedule No.<br>Supplement No.<br>Memo No.<br>Docket No.<br>Filing Date<br>Effective Date | |

This format is to be used to file either a Notice of Change in Rate or an Initial Billing Statement by checking the appropriate box and answering the applicable questions. Rates should be shown in dollars to three decimal places. The reporting pressure base is 14.73 psia. The information in this format will not be treated as confidential or proprietary.

Check One:
Rate Change Statement (§ 154.94) ☐
Initial Billing Statement (§ 154.92) ☐

(1) Producer ___________
(2) Buyer ___________
(3) Gas Rate Schedule No. ___________
(4) Basic Contract Date ___________
(5) Location:
(a) Field/Plant ___________
(b) County/Parish ___________
(c) State ___________
(6) Type of change ___________
(7) Contract Basis ___________
(8) Proposed Effective Date ___________
(9) Are future escalations to be covered by affidavit filed under § 154.94(h)? ___________
(10)(a) FERC Notice of Determination Control No. ___________
(b) Date jurisdictional agency's well determination is received by the FERC, as published in the FEDERAL REGISTER ___________
(11) Rate Information:

Check One: $ per MMBtu ☐ $ per Mcf ☐

| | Current[1] | Proposed[1] |
|---|---|---|
| (a) Base rate | | |
| (b) Gathering allowance | | |
| (c) Other adjustments | | |
| (d) Total rate | | |

[1] In dollars.

(12) Remarks ___________

(13) Person responsible for this filing:
(a) Name and title ___________
(b) Signature ___________
(c) Address ___________

(d) Contact Person (if different from person identified in (a) ___________
(e) Telephone number of person to be contacted ___________

(f) Date ___________

#### INSTRUCTIONS

Item (6): Use only for reporting rate changes (*e.g.*, change in contract rate; change in minimum rate or maximum lawful price under sections 102(d), 104, 106(a), 108, or any other applicable section of the NGPA).

Item (7): Specify the basic article or section of the contract. If the basis for the proposed rate is an amendment, supply the date of the amendment.

Item (9): This information applies only to the first sales for which qualification to collect the NGPA base rate under the rate schedule is being established.

Item (10): This information applies to the first well under a rate schedule that qualifies for the gas ceilings under either sections 102(d), 108, or any other applicable section of the NGPA.

Item (11)(c): Report the total adjustment amounts and explain under Item (12), "Remarks". These adjustments include tax reimbursements (if the proposed change is to base rates other than to the maximum lawful price under the NGPA), dehydration, compression, etc.

### § 250.15 [Reserved]

### § 250.16 Format of compliance plan for transportation services and affiliate transactions.

(a) *Who must comply.* An interstate natural gas pipeline that transports natural gas for others pursuant to Subparts B, G, or H of Part 284 or pursuant to Subparts A or E of Part 157 and is affiliated, as that term is defined in § 161.2 of this chapter, in any way with a marketing or brokering entity, except a pipeline that does not conduct any transactions with its affiliated marketer must:

(1) File FERC Form No. 592 in the manner prescribed in paragraph (b) of this section,

(2) Maintain and provide the information specified in paragraph (c) of this section, and

(3) Maintain all information required under this section from the time the information is received until December 31, 1989.

(b) *What to file.* An interstate pipeline must file the following information in the FERC Form No. 592:

(1) A complete list of operating personnel and facilities shared by the interstate natural gas pipeline and the affiliated marketing or brokering company;

(2) The specific information and format required from a shipper for a valid request for transportation service, including for transactions in which an affiliated marketer is involved, the items of information in paragraph (b)(6) of this section;

(3) Procedures used to address and resolve complaints by shippers and potential shippers;

(4) Procedures used by the natural gas pipeline to inform affiliated and nonaffiliated shippers and potential shippers on the:

(i) Availability and pricing of transportation service, and

(ii) Capacity of the pipeline available for transportation;

(5)(i) Existing tariff provisions that contain the information and procedures required in paragraphs (b)(1) through (b)(4) of this section, or

(ii) New tariff provisions that contain the information and procedures described in paragraphs (b)(1) through (b)(4) of this section; and

(6) A log that contains the following information on all requests for transportation service made by affiliated marketers or in which an affiliated marketer is involved:

(i) The date of receipt of the request,

(ii) The date that the request was accepted as valid,

(iii) The specific affiliation of the requester with the interstate pipeline, and the extent of the pipeline's affiliation, if any, with the person to be provided transportation service,

(iv) The extent of the supplier's affiliation with the interstate pipeline from whom service is requested,

(v) The identity of the shipper making the request for service including designating whether the shipper is a local distribution company, an interstate pipeline, an intrastate pipeline, an end-user, a producer, or a marketer,

(vi) The maximum daily contract volume of gas requested to be transported and the total contract volume of gas requested to be transported over the life of the contract,

(vii) The producing area of the source of the gas requested to be transported,

(viii) The date service is requested to commence and terminate,

(ix) A list of all receipt and delivery points between which the gas is requested to be transported and the distance in pipeline miles between the receipt point and the delivery point that are the furthest apart,

(x) Whether the service requested is firm or interruptible,

(xi) The state of the ultimate end user of the gas,

(xii) The identity of the transportation rate schedules and the transportation rates applicable for such service,

(xiii) Whether any of the gas being transported is subject to take-or-pay relief and, if so, how much,

(xiv) Whether and by how much the cost of the gas to the affiliated marketer exceeds the price received for the sale of the gas by the affiliated marketer, after deducting associated costs, including those incurred for transportation; *i.e.*, whether the gas is being sold at a loss,

(xv) Current status of the request including whether the request is:

(A) Incomplete,

(B) Complete and awaiting service,

(C) Complete, a contract signed, and awaiting commencement of service,

(D) Complete, service has begun and the Commission docket number assigned to the transaction,

(E) Withdrawn, or

(F) Denied and the reason why,

(xvi) The position of the request in the transportation request queue,

(xvii) The disposition of the request, including the date the requester was notified of availability of capacity, the date the contract was executed, the date service actually commenced, and any explanation concerning the disposition of the request,

(xviii) Any complaints by the shipper or end user concerning the requested or furnished service and the disposition of such complaints, and

(xix) Whether the transportation is being requested, offered or provided at discounted rates, duration of the discount requested, offered or provided, the maximum rate or fee, the rate or fee actually charged during the billing period, the shipper, corporate affiliation between the shipper and the transporting pipeline, and the quantity of gas scheduled at the discounted rate during the billing period for each delivery point.

(c) *What to maintain.* (1) An interstate pipeline must maintain the information in paragraph (b)(6) of this section for all requests for transportation service made by nonaffiliated shippers or in which a nonaffiliated shipper is involved from the time the information is received until December 31, 1989.

(2) The information required to be maintained by this section will be available from September 12, 1988, until December 31, 1989, to:

(i) The Commission on request, and

(ii) The public under Subpart D of Part 385 of this chapter.

(3) The information required to be maintained by this section must be maintained on 9-track magnetic tape or computer disk. The format and specifications for maintenance of the information can be obtained at the Federal Energy Regulatory Commission, Division of Public Information, 825 North Capitol St. NE., Washington, DC 20426.

(d) *When to file.* (1) The information in paragraphs (b)(1) through (b)(5) of this section and entries in the log specified in paragraph (b)(6) of this section relating to transportation requests for which transportation has commenced 30 days or more previously, which have been denied, or which have been pending for more than six months must be filed initially with the Commission by September 12, 1988, and thereafter as required by paragraphs (d)(2) and (d)(4) of this section until December 31, 1989.

(2) The information required in paragraphs (b)(1) through (b)(5) of this section must be filed quarterly if any changes occur.

(3) The information in paragraph (b)(6) of this section relating to transporation requests must be maintained on a daily basis.

(4) The information in paragraph (b)(6) of this section relating to transportation requests for which transportation has commenced 30 days or more previously, which have been denied, or which have been pending more than six months must be filed:

(i) For the items in paragraphs (b)(6) (i) through (xviii) of this section, at the end of the month following the month any changes occur. A report under this section satisfies a pipeline's obligation to report under § 284.13 of this chapter.

(ii) For the items in paragraph (b)(6)(xix) of this section, within 15 days of the close of the pipeline's billing period. A report of a discount under this section satisfies a pipeline's obligation to report under § 284.7(d)(5)(iv) of this chapter.

(e) *How to file.* (1) Each filing made with the Commission under this section must be made on 9-track magnetic tape or computer disk. The format and specifications for submission of the information prescribed by this section on magnetic tape or computer disk can be obtained at the Federal Energy Regulatory Commission, Division of Public Information, 825 North Capitol St. NE., Washington, DC 20426.

(2) The magnetic tape or computer disk must be accompanied by one paper printout of the information submitted on the magnetic tape or computer disk. The format for the paper printout can be obtained at the Federal Energy Regulatory Commission, Division of Public Information, 825

North Capitol St. NE., Washington, DC 20426.

(3) The magnetic tape or computer disk, and paper printout, submitted must be accompanied by a cover letter. The cover letter must include the file name, file attribute, and recording density of the magnetic tape submitted by the natural gas pipeline company. The cover letter must also include the subscription provided in § 385.2005(a) of this chapter.

(4) The subscription provided in paragraph (d)(3) of this section must certify in addition to the requirements in § 385.2005(a) of this chapter, that the paper printout contains the same information as the magnetic tape or computer disk and that the signer has read and knows the contents of the paper printout are true to the best knowledge and belief of the signer.

(f) *Where to file.* (1) The magnetic tape or computer disk and accompanying paper printout and cover letter must be submitted to: Office of the Secretary, Federal Energy Regulatory Commission, 825 North Capitol Street NE., Washington, DC 20426.

(2) Hand deliveries of a magnetic tape or computer disk and accompanying paper printout and cover letter may be made to: Office of the Secretary, Federal Energy Regulatory Commission, Room 3110, 825 North Capitol Street NE., Washington, DC 20426.

(g) *Public access.* An interstate pipeline must maintain and make available to the public all filings with the Commission under paragraphs (b)(1) through (b)(5) of this section and entries in the log specified in paragraph (b)(6) of this section by providing:

(1) One paper copy at the pipeline's principal place of business during regular business hours;

(2) Copies by mail of any item requested within seven calendar days of a written request, for which the pipeline may charge the cost of postage and fifteen cents per page photocopied or per computer printout page provided; and

(3) 24-hour access, by electronic means, to the data specified in this paragraph that are contained in paragraph (b)(6) of this section.

(h) *Penalty for failure to comply.* (1) Any person who transports gas for others pursuant to Subpart B, G, or H of Part 284 of this chapter and who knowingly violates the requirements of § 161.3, § 250.16, or § 284.13 of this chapter will be subject, pursuant to sections 311(c), 501, and 504(b)(6) of the Natural Gas Policy Act of 1978, to a civil penalty, which the Commission may assess, of not more than $5,000 for any one violation.

(2) For purposes of this paragraph, in the case of a continuing violation each day of the violation will constitute a separate violation.

[Order 497, 53 FR 22161, June 14, 1988; 5 FR 25240, July 5, 1988]

## PART 260—STATEMENTS AND REPORTS (SCHEDULES)

Sec.

260.1 FERC Form No. 2, Annual report for Major natural gas companies.
260.2 FERC Form No. 2-A, Annual repor for Nonmajor natural gas companies.
260.3 FERC Form No. 11, Natural gas pipeline company monthly statement.
260.4 Form No. 14, Annual report for importers and exporters of natural gas.
260.5—260.6 [Reserved]
260.7 FERC Form No. 15, Interstate pipeline's annual report of gas supply.
260.7a Annual statement of gas transported by interstate pipelines for other interstate pipelines.
260.8 System flow diagrams: Format N FERC 567.
260.9 Report by natural gas pipeline companies on service interruptions occurrin on the pipeline system.
260.11 Form No. 8, Underground gas storage report.
260.12 FERC Form No. 16, Report of ga supply and requirements.
260.13 FERC Form No. 549-ST, Form o self-implementing transportation r ports.
260.15 Form No. 69, Report of alternat fuel demand due to natural gas curtai ments.
260.100 General requirements for annua reports to stockholders and others.
260.200 Original cost statement of utilit property.

AUTHORITY: Natural Gas Act, 15 U.S.C 717-717w (1982); Department of Energy Or ganization Act, 42 U.S.C. 7101-7352 (198 Natural Gas Policy Act of 1978, 15 U.S.C 3301-3432 (1982), E.O. 12009, 3 CFR 19 Comp., p. 142.

EDITORIAL NOTE: For FEDERAL REGISTER c tations affecting forms listed in Part 26 please consult the List of CFR Sections Affected in the Finding Aids section of this volume.

### § 260.1 FERC Form No. 2, Annual report for natural gas companies.

(a) The form of Annual Report of Natural Gas Companies (Class A and Class B), designated herein as FERC Form No. 2, is prescribed for the reporting year 1980 and thereafter.

(b) Each natural gas company, as defined in the Natural Gas Act (15 U.S.C. 717, *et seq.*) which is a major company (as defined in Part 201 of Subchapter F of this chapter) must prepare and file with the Commission for the calendar year beginning January 1, 1980, and for each calendar year thereafter, on or before April 30 following the close of such calendar year, FERC Form No. 2.

(1) Before December 30, 1988, an original and such number of conformed copies of the above-designated FERC Form No. 2 as indicated in the general instructions set out in that form all properly filled out and verified. One copy of the report should be retained by the respondent in its files. The conformed copies may be carbon copies, or other reproductions, if legible.

(2) On or after December 30, 1988, the form must be filed as prescribed in § 385.201 of this chapter and as indicated in the general instructions set out in that form, all properly filled out and verified. One copy of this report should be retained by the respondent in its files.

[Order 121, 46 FR 6887, Jan. 22, 1981, as amended by Order 390, 49 FR 32527, Aug. 14, 1984; Order 493, 53 FR 15030, Apr. 27, 1988]

### § 260.2 FERC Form No. 2-A, Annual report for Nonmajor natural gas companies.

(a) *Prescription.* The form of Annual Report for Nonmajor Natural Gas Companies, designated herein as FERC Form No. 2—A, is prescribed for the year 1980 and each year thereafter.

(b) *Filing requirements*—(1) *Who must file.* Each natural gas company, as defined by the Natural Gas Act, which is considered nonmajor as defined in Part 201 of Subchapter F of this chapter, must prepare and file with the Commission FERC Form No. 2-A.

(i) Before December 30, 1988, an original and conformed copies pursuant to the general instructions set out in that form must be filed.

(ii) On or after December 30, 1988, the form must be filed as prescribed in § 385.2011 of this chapter and as indicated in the general instructions set out in that form.

(2) *When to file.* Such report be filed on or before March 31 of each year for the previous calendar year, beginning with a filing by March 31, 1981 for the 1980 calendar year.

(Natural Gas Act, as amended, 15 U.S.C. 717-717w; Natural Gas Policy Act of 1978, 15 U.S.C. 3301-3432; Federal Power Act, as amended, 16 U.S.C. 792-828c; Department of Energy Organization Act, 42 U.S.C. 7101-7352; E.O. 12009, 3 CFR Part 142 (1978))

[Order 101, 45 FR 60900, Sept. 15, 1980, as amended by Order 390, 49 FR 32527, Aug. 14, 1984; Order 493, 53 FR 15031, Apr. 27, 1988]

### § 260.3 FERC Form No. 11, Natural gas pipeline company monthly statement.

(a) This form, which is applicable to natural gas companies designated therein, is designed to obtain on a monthly basis information concerning selected revenues, income statements, and other items, as well as details of operation and maintenance expenses.

(b)(1) *Who must file.* Each natural gas company, as defined in the Natural Gas Act, whose combined gas sold for resale and gas transported or stored for a fee exceeded 50 million Mcf at 14.73 pisa (60° F) in the previous calendar year, must prepare and file with the Commission for the month beginning March 1, 1980 and for each month thereafter FERC Form No. 11.

(i) Before November 30, 1988, an original and two copies of the form must be filed.

(ii) On or after November 30, 1988, the form must be filed as prescribed in § 385.2011 of this chapter and as indicated in the general instructions in that form.

(2) *When to file.* Such reports shall be filed within 40 days after the end of

the reported month and shall be signed by the person authorized to sign such report, but are not required to be filed under oath.

[Order 74, 45 FR 21625, Apr. 2, 1980, as amended by Order 493, 53 FR 15031, Apr. 27, 1988; Order 493-A, 53 FR 30031, Aug. 10, 1988]

### § 260.4 Form No. 14, Annual report for importers and exporters of natural gas.

(a) The form of the annual report for importers and exporters of natural gas is prescribed for the calendar year ending December 31, 1972, and thereafter, and is designated as FPC Form No. 14.

(b) Each person have authorization from the Federal Energy Regulatory Commission pursuant to section 3 of the Natural Gas Act, to import or export natural gas must, beginning with the reporting year 1972, and thereafter annually, file on or before March 31, Form No. 14.

(1) Before December 30, 1988, an original and 3 conformed copies of the form, signed and certified by an officer of the reporting company.

(2) On or after December 30, 1988, the form must be submitted in the manner prescribed in § 385.2011 of this chapter.

[Order 471, 38 FR 4246, Feb. 12, 1973, as amended by Order 493, 53 FR 15031, Apr. 27, 1988]

### §§ 260.5—260.6 [Reserved]

### § 260.7 FERC Form No. 15, Interstate pipeline's annual report of gas supply.

(a) *Prescription.* The form of Interstate Pipeline's Annual Report of Gas Supply, designated herein as FERC Form No. 15, is prescribed for the year 1981 and thereafter.

(b) *Filing requirements*—(1) *Who must file*—(i) *General rule.* Except as provided in paragraph (b)(1)(ii) of this section, all interstate pipeline companies, as defined by section 2(15) of the Natural Gas Policy Act (15 U.S.C. 3302(15)), must prepare and file FERC Form No. 15 in accordance with the instructions set out in the form.

(A) Before December 30, 1988, companies must prepare and file an original and four copies of the form, or a magnetic tape and accompanying copy of the form.

(B) On or after December 30, 1988, companies must prepare and file the FERC Form No. 15 as prescribed in § 385.2011 of this chapter and as indicated in the general instructions in that form.

(ii) *Exceptions.* The following types of interstate pipelines must prepare and file, in accordance with the instructions set out in FERC Form No. 15, before March 30, 1989 an original and four copies, and on or after March 30, 1989, as prescribed in § 385.2011 of this chapter, only the Identification Schedule (with Certification), the "Synopsis of Gas Supply," and Schedule II of FERC Form No. 15:

(A) Any interstate pipeline whose total year-end remaining recoverable gas reserves are owned by such pipeline or controlled by such pipeline pursuant to producer contracts, and which amount to less than 50 billion cubic feet of natural gas at the end of any reporting year; or

(B) Any interstate pipeline purchasing its entire supply of natural gas from one or more interstate pipelines that are subject to the general rule in paragraph (b)(1)(i) of this section, or from foreign suppliers.

(2) *When to file.* Such reports shall be filed on or before April 1, for each calendar year ending December 31 of the previous year.

[Order 168, 46 FR 42265, Aug. 20, 1981, as amended by Order 493, 53 FR 15031, Apr. 27, 1988]

### § 260.7a Annual statement of gas transported by interstate pipelines for other interstate pipelines.

Each interstate pipeline, as defined by section 2(15) of the Natural Gas Policy Act (15 U.S.C. 3302(15)), which acts only as a transporter of natural gas for another company in interstate commerce, shall prepare and file, in accordance with the instructions in Form No. 15, an original and four copies of a statement which contains the name and address of each such company for which it transports the gas. Such statement shall be filed on or before April 1 for each calendar year ending December 31 of the previous year.

[Order 168, 46 FR 42265, Aug. 20, 1981]

### § 260.8 System flow diagrams: Format No. FERC 567.

(a) Each Major natural gas pipeline company, having a system delivery capacity in excess of 100,000 Mcf per day (measured at 14.73 p.s.i.a. and 60° F.), shall file with the Commission by June 1 of each year five (5) copies of a diagram or diagrams reflecting operating conditions on its main transmission system during the previous twelve months ended December 31. For purposes of system peak deliveries, the heating season overlapping the year's end shall be used. Facilities shall be those installed and in operation on December 31 of the reporting year. All volumes shall be reported on a uniform stated pressure and temperature base.

(b) The diagram or diagrams shall include the following items of information:

(1) Nominal diameter (inches) of each pipeline.

(2) Miles of pipeline (to nearest 0.1 mile) between points of intake, delivery, river crossings, storage fields, crossovers, compressor stations and connections with other pipeline companies.

(3) Direction of flow in the pipelines. If direction of flow can be reversed at compressor stations, so indicate.

(4) Maximum permissible operating pressure for each pipeline at discharge side of each compressor station or other critical point, determined by the Department of Transportation's safety standards.

(5) Total horsepower of compressor engines installed at each compressor station.

(6) Designed suction pressure for each compressor station, p.s.i.g.

(7) Designed discharge pressure for each station, p.s.i.g.

(8) Maximum volume, Mcf per day that can be compressed at each compressor station under conditions of suction and discharge set forth in paragraphs (b) (6) and (7) of this section. If direction of flow affects these factors provide the information for each direction of flow.

(9) The fuel requirement at each compressor station under conditions described in paragraph (b)(8) of this section.

(10) Pressure in the pipeline at points of emergency interconnection with other pipeline companies which can normally be expected to exist, and the volume which could be delivered or received at such emergency interconnection points at such pressures. Give the name of the interconnecting company.

(11) For each storage field, connected to the system and operated by the respondent pipeline company, the maximum dependable daily and seasonal withdrawal volumes available under normal conditions of operation.

(12) Volumes delivered: (i) The average daily volumes delivered at each takeoff point, (ii) the volumes delivered at each takeoff point on the day of maximum coincidental delivery, and (iii) the maximum daily volumes (noncoincidental) delivered to each customer under rates subject to FERC jurisdiction.

(13) The average daily volume received at each intake point to the transmission pipeline system.

(14) The volume received into the transmission pipeline system at each intake point on the day of maximum coincidental delivery.

(15) The information required by paragraphs (b)(12), (13) and (14), of this section may be furnished in tabular form, or by reference to FERC Form No. 2, providing, that the information is suitably keyed to the diagram by appropriate identifying symbol or number.

[Order 303-A, 31 FR 7226, May 18, 1966, as amended by Order 345, 32 FR 7332, May 17, 1967; Order 430, 36 FR 7052, Apr. 14, 1971; Order 215, 47 FR 10203, Mar. 10, 1982; Order 390, 49 FR 32527, Aug. 14, 1984]

### § 260.9 Report by natural gas pipeline companies on service interruptions occurring on the pipeline system.

(a) Every natural gas pipeline company shall report to the Federal Energy Regulatory Commission (Commission) serious interruptions of service to any wholesale customer involving facilities operated under certificate authorization from the Commission. Such serious interruptions of service shall include interruptions of service to communities, major Government installations and large industrial plants outside of communities or any other interruptions which are significant in the judgment of the pipeline company. Interruptible service interrupted in accordance with the provisions of filed tariffs, interruptions of service resulting from planned maintenance or construction and interruptions of service of less than 3-hours duration need not be reported.

(b) Natural gas pipeline companies must report such interruptions to service by telegram to the Director, Division of Engineering, Market and Environmental Analysis, Office of Pipeline and Producer Regulation, Federal Energy Regulatory Commission, 825 North Capitol Street NE., Washington, DC 20425, at the earliest feasible time following such interruption to service and must state briefly:

(1) The location of the interruption,

(2) The time of the interruption,

(3) The customers affected by the interruption, and

(4) Emergency actions take to maintain service.

(c) If so directed by the Commission or the Director, Division of Engineering, Market and Environmental Analysis, the company must provide any supplemental information so as to provide a full report of the circumstances surrounding the occurrence.

(d) Natural gas pipeline companies shall furnish to the Commission within 20 days of each interruption to service involving failure of facilities on any part of the pipeline system operated under certificate ,authorization from the Commission a copy of such failure reports as required by the Department of Transportation reporting requirement under the Natural Gas Pipeline Safety Act of 1968.

(e) Copies of the telegraphic report on interruption of service shall be sent to the State commission in those States where service has been or might be affected.

[Order 401, 35 FR 7413, May 13, 1970, as amended by Order 508, 53 FR 45901, Nov. 15, 1988]

### § 260.11 Form No. 8, Underground gas storage report.

(a) The Form of Underground Gas Storage Report as FPC Form No. 8, is prescribed.

(b) Each person found by the Commission to be a natural gas company, as defined by the Natural Gas Act, as amended, including any jurisdictional affiliate, as defined in § 157.40(a)(3) of the Commission's regulations, that operates an underground natural gas storage field located in the United States must prepare and file with the Commission by the tenth day of each month an Underground Gas Storage Report, FERC Form No. 8, before November 30, 1988, an original and four copies and, on or after November 30, 1988, as prescribed in § 385.2011 of this chapter. Parts IV, V, VI and VII (page Nos. 2 and 3) of FERC Form No. 8 are only required to be completed for the initial filing of FERC Form No. 8, and thereafter whenever any changes or additions of information initially reported are made.

[Order 534, 40 FR 43894, Sept. 24, 1975, as amended by Order 493, 53 FR 15031, Apr. 27, 1988; Order 493-A, 53 FR 30031, Aug. 10, 1988]

### § 260.12 FERC Form No. 16, Report of gas supply and requirements.[1]

(a) *Prescription.* The form of Report of Gas Supply and Requirements, designated herein as FERC Form No. 16 is prescribed.

(b) *Filing requirements*—(1) *Who must file.* Each natural gas pipeline company making sales in interstate commerce of natural gas for resale must prepare and file if due before April 30, 1989, an original and four copies, and if due on or after April 30, 1989, as prescribed in § 385.2011 of this chapter, FERC Form No. 16, Report of Gas Supply and Requirements.

(2) *When to file.* Such reports shall be filed on or before April 30 and September 30 of each year.

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[1] FERC Form No. 16 filed with the Office of the Federal Register as part of the original document. Copies may be obtained from Office of the Secretary, Federal Energy Regulatory Commission, 825 North Capitol St., NE., Washington, D.C. 20426.

(c) *Waiver.* Upon good cause being shown, the Commission will grant requests by any company for waiver of the requirement to file Form No. 16.

[Order 86, 45 FR 37816, June 5, 1980, as amended by Order 493, 53 FR 15031, Apr. 27, 1988; Order 493-A, 53 FR 30031, Aug. 10, 1988]

### § 260.13 FERC Form No. 549-ST, Form of self-implementing transportation reports.

(a) *Prescription.* The Form of Self-Implementing Transportation Reports designed herein as FERC Form No. 549-ST, is prescribed.

(b) *Filing requirements*—(1) *Who must file.* Any interstate or intrastate pipeline, Hinshaw company or local distribution company undertaking a transportation transaction under 18 CFR Part 284, Subparts B, C, or G, must file FERC Form No. 549-ST. Copies of FERC Form No. 549-ST can be obtained at the:

Energy Information Administration, National Energy Information Center, EI-207, Forrestal Building, Room 1-F-048, Washington, DC 20585, Phone Number, 1-202-252-8800

(2) *When to file.* Initial reports are to be filed within 30 days after commencing a transportation transaction under Part 284. Subsequent reports are to be filed within 30 days of any material change in the transportation arrangement under Part 284.

(3) *What to file.* Each reporting company must submit an original and five copies of FERC Form No. 549-ST and the necessary suport for the required reporting elements. If a reporting company is unable to supply a data element, it should attach an explanation.

(4) *Where to file.* An original and five copies of FERC Form No. 549-ST should be submitted to:

Office of the Secretary, Federal Energy Regulatory Commission, 825 North Capitol Street, NW., Washington, DC 20426.

Hand deliveries of an original and five copies may be made to:

Office of the Secretary, Federal Energy Regulatory Commission, Room 3110, 825 North Capitol Street, NE., Washington, DC 20426.

[Order 458, 51 FR 44284, Dec. 9, 1986]

### § 260.15 Form No. 69,[2] Report of alternate fuel demand due to natural gas curtailments.

(a) The form Alternate Fuel Demand Due to Natural Gas Curtailments designated as FPC Form No. 69 is prescribed.

(b) Each natural gas company making direct sales in interstate commerce of natural gas (including SNG and LUG) to customers consuming such gas shall prepare and file with the Commission an original and four copies of Report of Alternate Fuel Demand Due to Natural Gas Curtailments, FPC Form No. 69 on or before August 1, 1975, for the actual annual period from April 1, 1974, to March 31, 1975, and for the quarterly period ending June 30th and thereafter on a quarterly basis on or before April 30th, July 30th, October 30th, and January 30th of each year.

[Order No. 531, 40 FR 27647, July 1, 1975]

### § 260.100 General requirements for annual reports to stockholders and others.

All annual reports to stockholders and others shall include an appropriate summary of the investment tax credits generated and utilized and a statement of the accounting method elected by the company in connection with the utilization of the credits.

[Order 289, 29 FR 15022, Nov. 6, 1964]

### § 260.200 Original cost statement of utility property.

Any natural gas company becoming subject to the jurisdiction of the Commission shall file, insofar as applicable, the following statements properly sworn to by the officer in responsible charge of their compilation:

#### STATEMENT A

Statement A showing the origin and development of the company, including, particularly, a description (giving names of parties and dates) of each consolidation and merger to which the company, or a predecessor, was a party and each acquisition of a gas operating unit or system. Any affiliation existing between the parties shall be stated.

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[2] Form No. 69 was discontinued and replaced with Form No. EIA-50 at 43 FR 27178, June 23, 1978.

### STATEMENT B

Statement B showing for each acquisition of a gas operating unit or system by the reporting company or any of its predecessors: (1) The original cost (estimated only if not determinable from existing records), (2) the cost of the acquiring company, (3) the amount entered in the books as of the date of acquisition, (4) the difference between the original cost and the amount entered in the books, (5) a summary of all transactions affecting such difference, including retirements, between the date of each acquisition and the end of the calendar year prior to the year in which the filing is made, and (6) the amount of such difference remaining at the latter date.

If the depreciation, retirement, or amortization reserve was adjusted as of the date of acquisition and in connection therewith, a full disclosure of the pertinent facts shall be made.

The amount to be included in account 114, Gas Plant Acquisition Adjustments, shall be subdivided so as to show the amounts applicable to (a) gas plant in service, (b) gas plant leased to others, and (c) gas plant held for future use.

The procedure followed in determining the original cost of the gas plant acquired as operating units or systems shall be described in sufficient detail so as to permit a clear understanding of the nature of the investigations and analyses which were made for that purpose.

Where estimates are used in arriving at original cost or the amount to be included in account 114, a full disclosure of the method and underlying facts shall be given. The proportion of the original cost of each acquisition which has been determined from actual recorded costs and the proportion estimated shall be shown for each functional class of plant. In addition there shall be furnished in respect to each predecessor or vendor company for which complete construction costs are not available. a description of such plant records as are available, including the years covered thereby.

### STATEMENT C

Statement C showing any amounts arrived at by appraisals in the gas plant accounts (and not eliminated) in lieu of cost to the reporting company. This statement should describe the appraisal and give the complete journal entry at the time the appraisal was originally recorded. If the entry had the effect of appreciating or writing up the gas plant account, the amount of the appreciation or writeup should be traced, by proper description and explanation of changes, from the date recorded through the end of the calendar year prior to the year in which the filing is made.

### STATEMENT D

Statement D showing in detail gas plant as classified in the books of account immediately prior to reclassification in accordance with the Uniform System of Accounts, including, under appropriate descriptive headings, any unclassified amounts applicable jointly to the gas department and other departments of the utility.

### STATEMENT E

Statement E showing the adjustments necessary to state accounts 101, 103-107, 114, and 116, and amount of common utility plant includible in account 118, as prescribed in the Uniform System of Accounts.

### STATEMENT F

Statement F showing gas plant classified according to the accounts prescribed in the Uniform System of Accounts, and showing also the amount includible in account 116, Other Gas Plant Adjustments, and the amount of common utility plant includible in account 118, Other Utility Plant.

### STATEMENT G

Statement G showing a comparative balance sheet reflecting the accounts and amounts appearing in the books before the adjusting entries have been made and after such entries shall have been made. The balance sheet shall be classified by the accounts set forth in the Uniform System of Accounts Prescribed for Natural Gas Companies.

### STATEMENT H

Statement H giving a suggested plan for depreciating, amortizing, or otherwise disposing of, in whole or in part, the amounts includible in account 114, Gas Plant Acquisition Adjustments, and account 116, Other Gas Plant Adjustments.

### STATEMENT I

Statement I furnishing the following statistical information relative to gas plant:

### PRODUCTION PLANT

#### MANUFACTURED GAS

Show separately for each producing plant the name and location of plant, date of original construction, type of plant (whether coal gas, coke ovens, water gas, etc.) rated 24-hour capacity in Mcf of each unit and of the total plant, and date of installation of each unit installed after original construction. Show also the original cost according to the System of Accounts for each plant, by accounts 304 to 319, inclusive.

### NATURAL GAS

For each "field" includible in account 101, Gas Plant in Service, furnish the number of acres each of gas producing lands owned, of gas producing lands leased by the company, and of land on which gas rights only are owned, as included in accoun[illegible].1, 325.2, 325.3, respectively. The sam[illegible] information, classified by subaccounts, sh[illegible] furnished for producing and nonproducing acreage includible in account 104, Gas Plant Leased to Others, and in account 105, Gas Plant Held for Future Use.

For each "field" state number of feet of each size pipe used in field gathering lines.

For each "field" state number of wells included in accounts 330 and 331 segregated to show the number of wells on each type of producing lands classified under accounts 325.1, 325.2, 325.3.

When pumping or compressing plants exist within the production plant, include the same information as that requested for compressor stations under transmission plant.

State type and character of purification equipment and residual refining equipment included in accounts 336 and 337, respectively.

Show the original cost according to the System of Accounts for natural gas production plant by each "field" and by accounts 325.1 to 340.

### STORAGE PLANT

Show separately for each location the name of plant, date of construction, type and total capacity (Mcf) of each gas holder. State also the original cost according to the System of Accounts for each location, by accounts 350.1 to 351, inclusive.

If depleted gas fields are being repressured, the statements furnished shall reflect the number of acres involved and the original cost according to the System of Accounts (accounts 350.1 to 351, inclusive).

### TRANSMISSION PLANT

State the number of feet of each size of main.

State separately for each compressor boosting station the name of plant, location, date of original construction, rated capacity, type and character of power unit, and rated capacity and type of compressor units. Also state the capacity, type, and date of installation of each additional power or compressor unit. Show for each station the original cost according to the System of Accounts by accounts 365.1, 365.2, 366, 368, and 369.

### DISTRIBUTION PLANT

State number of feet of each size of main and the number of active meters, house regulators, and services. Give a general description of the district regulators and number, by sizes.

Where pumping or compressor stations exist within the distribution plant, include the same information requested for similar stations under transmission plant.

### GENERAL PLANT

Describe the principal structures and improvements.

State the number and type of transportation vehicles and appurtenant equipment.

Give a description of store, shop, and laboratory equipment and miscellaneous equipment.

Furnish maps, drawn to scale, upon which indicate transmission mains, location of production plants (artificial and natural), producing and nonproducing leaseholds (indicating thereon producing wells, dry holes and depleted wells), gathering systems, booster and compressor stations, communities served (noting as to wholesale or retail), and large industrial consumers. Where gas is purchased from or sold to other gas utilities, indicate location of measuring stations or gates. If scale maps are not available, furnish sketch maps upon which should be indicated approximate distances between the locations above specified.

[Order 477, 38 FR 7215, Mar. 19, 1973]

# SUBCHAPTER H—FIRST SALE REGULATION UNDER THE NATURAL GAS POLICY ACT OF 1978

## PART 270—RULES GENERALLY APPLICABLE TO REGULATED SALES OF NATURAL GAS

Subpart A—General Rules and Definitions

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Subpart B—Special Rules

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270.203 Pipeline, distributor and affiliate production.
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270.206 Applicability of section 314 "Limitation on Effectiveness of Commingling and Similar Clauses".
270.207 Sales of volumes of gas which include deregulated natural gas.
270.208 Applicability of section 121.

AUTHORITY: Natural Gas Act, 15 U.S.C. 717-717w (1982); Department of Energy Organization Act, 42 U.S.C. 7101-7352 (1982); E.O. 12009, 3 CFR 1978 Comp., p. 142; Natural Gas Policy Act of 1978, 15 U.S.C. 3301-3432 (1982).

### Subpart A—General Rules and Definitions

**§ 270.101 Application of ceiling prices to first sales of natural gas.**

(a) *Maximum lawful price.* It is unlawful for any person to sell natural gas (other than deregulated natural gas) at a first sale price in excess of the highest maximum lawful price applicable to such gas under Part 271. No maximum lawful price applies to deregulated natural gas.

(b) *Effect of maximum lawful price on contract price.* If the price established under a contract for the first sale of natural gas does not exceed the applicable maximum lawful price, then such maximum lawful price does not supersede or nullify the effectiveness of the price established under such contract.

(c) *Maximum lawful prices requiring jurisdictional agency determinations.* Except to the extent that a seller is authorized to make interim collection under Part 273:

(1) Any maximum lawful price under any of the following subparts of Part 271 applies to a first sale of natural gas only if a determination of a particular well or new OCS lease by a jurisdictional agency that such gas qualifies under such subpart has become final in accordance with Parts 274 and 275:

(i) Subpart B (relating to new natural gas and certain OCS gas);

(ii) Subpart C (relating to new, onshore production well);

(iii) Subpart G (relating to high-cost natural gas); and

(iv) Subpart H (relating to stripper well natural gas).

(2) The price of gas is deregulated only if such gas is deregulated natural gas as defined in § 272.103(a).

(d) *Other categories of natural gas*—(1) *Certain committed or dedicated natural gas.* The maximum lawful prices under Subpart D of Part 271 (relating to certain committed or dedicated natural gas) apply to a first sale to the extent provided in such subpart, if the applicable filing requirements under §§ 154.92 and 154.94 of this chapter are met.

(2) *Existing intrastate contracts; intrastate rollover contracts; certain other categories.* The maximum lawful prices under Subparts E, F, and I of Part 271 (relating to existing intrastate contracts, intrastate rollover contracts, and certain other categories of natural gas) apply to first sales of natural gas without requirement of a prior determination by the Commission or a jurisdictional agency.

(e) *General refund obligation.* Any price collected with respect to a first sale of natural gas to which this subchapter applies is collected subject to a general obligation promptly to refund any portion of such price, together with interest determined in accordance with § 154.102(c), which is in excess of the maximum lawful price.

or collection of which is not authorized by this subchapter. Compliance with the specific refund requirements of § 273.302 shall not terminate the general refund obligation under this subchapter.

(f) *Filing requirements.* An interstate pipeline must include with any Purchased Gas Adjustment (PGA) filing under §§ 154.301 through 154.310 of this chapter, a refund report identifying all billing adjustments that are reflected in the interstate pipeline's PGA filing to effect refunds required to be made to it by sellers under paragraph (e) of this section. The interstate pipeline must file with the Commission the original and two copies of a refund report showing for each seller:

(1) The amounts of overcharges and interest to be refunded by that seller as determined in accordance with paragraph (e) of this section;

(2) The amounts of, and dates on which, billing adjustments were made by the pipeline to satisfy the seller's refund obligations under paragraph (e) of this section in whole or in part;

(3) The well name and, if available, American Petroleum Institute Well Number of the well that produced the natural gas for which the interstate pipeline was overcharged by that seller; and

(4) The date that overcollection began or, if applicable, the date of stripper gas well disqualification.

(Natural Gas Policy Act of 1978, 15 U.S.C. 3301-3432; Natural Gas Act as amended, 15 U.S.C. to 712-717; Department of Energy Organization Act, 42 U.S.C. 7101-7352, 42 CFR 142; Interstate Commerce Act, 49 U.S.C. 1, *et seq.*; Natural Gas Act, 15 U.S.C. 717-717w)

[43 FR 56544, Dec. 1, 1978, as amended at 44 FR 53505, Sept. 14, 1979; Order 78, 45 FR 28097, Apr. 28, 1980; Order 273, 48 FR 1288, Jan. 12, 1983; Order 406, 49 FR 46883, Nov. 29, 1984; Order 423, 50 FR 23674, June 5, 1985; Order 479, 52 FR 29005, Aug. 5, 1987; Order 483-A, 52 FR 43888, Nov. 17, 1987]

### § 270.102 Definitions.

(a) *NGPA definitions.* Terms defined in the NGPA shall have the same meaning for purposes of this subchapter as they have under the NGPA, unless further defined in this subchapter.

(b) *Subchapter H definitions.* For purposes of this subchapter:

(1) "NGPA" means the Natural Gas Policy Act of 1978.

(2) "British thermal unit" or "Btu" means the quantity of heat required to raise the temperature of one pound avoirdupois of pure water from 58.5 degrees to 59.5 degrees Fahrenheit, determined in accordance with § 270.204.

(3) "MMBtu" means million British thermal units.

(4)(i) Except as provided in clause (ii), "production in commercial quantities" means production of natural gas from a well or reservoir which is either:

(A) Sold and delivered to one other than the operator; or (B) (subject to § 271.204(e)) retained by the operator, or any owner of the production at severance, for beneficial economic use.

(ii) Natural gas used for the testing of natural gas wells or for other field uses which are production related shall not be considered produced in commercial quantities.

(iii) Any of the following information may be considered as evidence of sale and delivery, or production for the operator's or other owner's beneficial economic use:

(A) Payment of severance taxes;

(B) Payment of royalties;

(C) Production reports filed with a jurisdictional agency;

(D) A sales contract together with verification by a purchaser that natural gas had been delivered and paid for under the contract; or

(E) Any other substantial evidence that production has been sold and delivered, or retained for the beneficial use of the operator or other owner of production at severance.

(5) "Crude oil" means a mixture of hydrocarbons that exists in the liquid phase in natural underground reservoirs and remains liquid at atmospheric pressure after passing through surface separating facilities

(6) "Surface location" means the point on the Earth's surface from which drilling of a well is commenced except that in the case of a well drilled in permanent surface waters, "the Earth's surface" means the mean elevation of the surface of the water.

(7) "OCS" means the Outer Continental Shelf as defined in section 2(35) of the NGPA.

(8) "Existing intrastate contract" means any intrastate contract for the first sale of natural gas in existence on November 8, 1978. A contract is in existence on November 8, 1978 if on that date, there is a promise or a set of promises for the breach of which the law gives a remedy, or the performance of which the law in some way recognizes as a duty. For the purposes of this subchapter "existing intrastate contract" includes a "successor to an existing intrastate contract."

(9) "Successor to an existing intrastate contract" means any contract, other than a rollover contract, entered into on or after November 9, 1978, for the first sale of natural gas which was previously subject to an existing intrastate contract, whether or not there is an identity of parties or terms with those of such existing intrastate contract. The term "successor to an existing intrastate contract" includes a contract the primary term of which has not expired but which has been assigned to a different party in interest.

(10) "Intrastate contract" means any contract applicable to the sale of natural gas which was not committed or dedicated to interstate commerce on November 8, 1978.

(11) "Intrastate rollover contract" means any contract, entered into on or after November 9, 1978, for the first sale of natural gas that was previously subject to an existing intrastate contract which expired at the end of a fixed term (not including any extension thereof taking effect on or after November 9, 1978), specified by the provisions of such existing contract, as such contract was in effect on November 9, 1978, whether or not there is an identity of parties or terms with those of such existing contract.

(12) "Jurisdictional agency" means the state or Federal agency identified in Subpart E of Part 274.

(13) "New well" means any well—

(i) The surface drilling of which began on or after February 19, 1977; or

(ii) The depth of which was increased, by means of drilling on or after February 19, 1977, to a completion location which is located at least 1,000 feet below:

(A) The depth of the deepest completion location of such well attained before February 19, 1977, if such well had a completion location; or

(B) If such well had no completion location because it was a dry hole the drilling of which was terminated prior to February 19, 1977, the deepest drilled depth attained in such dry hole.

(14) For the definition of "deregulated natural gas," see § 272.103(a).

(15) "Intracompany operating statement" means a statement indicating how an interstate pipeline intends to manage its own production of gas.

(Natural Gas Act, 15 U.S.C. 717-717w (1982 Natural Gas Policy Act of 1978, 15 U.S.C. 3301-3432 (1982); Department of Energy Organization Act, 42 U.S.C. 7101-7352 (1982 E. O. 12009, 3 CFR Part 142 (1978); Energy Supply and Environmental Coordination Act, 15 U.S.C. 791, *et seq.* (1982))

[43 FR 56544, Dec. 1, 1978, as amended at 44 FR 34474, June 15, 1979; 44 FR 53493, Sept. 14, 1979; Order 68, 45 FR 5684, Jan 24, 1980; Order 78, 45 FR 28098, Apr. 28, 1980; Order 273, 48 FR 1289, Jan. 12, 1983; Order 94-A, 48 FR 5178, Feb. 3, 1983; Order 391, 49 FR 33859, Aug. 27, 1984; Order 406, 49 FR 46883, Nov. 29, 1984]

### § 270.103 Effective date.

The provisions of this subchapter apply to deliveries of natural gas on or after December 1, 1978.

[43 FR 56547, Dec. 1, 1978]

## Subpart B—Special Rules

### § 270.201 Good faith negotiation procedures.

(a) *Applicability, definitions, and general rules.* (1) This section applies to requests for renegotiation of the price of old gas sold under an existing contract.

(2) For purposes of this section:

(i) "Old gas" means natural gas which, if sold, would be subject to a maximum lawful ceiling price under section 104 or 106(a) of the NGPA.

(ii)(A) "Existing contract" means a contract in effect on July 18, 1986, or an expired contract pursuant to which sales of natural gas are continuing on that date under the service obligation of a certificate of public convenience and necessity, that includes the sale of any old gas and provides authority for the first seller to collect a higher price upon establishment by the Commission of a higher maximum lawful price.

(B) An existing contract includes the sale of old gas if, on July 18, 1986, the contract encompasses the sale of any gas that has not been abandoned under section 7(b) of the Natural Gas Act and which, if sold, would be priced as old gas, whether or not any old gas is sold on that date.

(iii) The terms "first seller" and "party to a contract" include:

(A) An owner of a working interest in an oil or gas lease that has a direct contractual relationship with a purchaser for a "first sale" of gas, as defined in section 2(21) of the NGPA; and

(B) An operator of an oil or gas lease that has a direct contractual relationship with a purchaser for a "first sale" on behalf of any owner of a working interest in the lease that does not have such a relationship.

(3)(i) Any existing contract under which old gas is sold may be renegotiated or amended at any time to provide for a price up to the alternative maximum lawful price under § 271.402(c)(7)(i) of this chapter without using the good faith negotiation procedures.

(ii) A price for old gas that exceeds the otherwise applicable maximum lawful price under § 271.402 of this chapter may be collected under an existing contract only if the first seller and purchaser agree upon a price up to the alternative maximum lawful price under § 271.402(c)(7)(ii) in accordance with this section.

(4) A party to an existing contract may not request a nomination of a price under the provisions of this section for any gas sold under the contract, if that party:

(i) And the purchaser or first seller have renegotiated the price or any other term for the sale of any old gas under the contract after July 18, 1986, without using the good faith negotiation procedures of this section, and have not agreed in writing to preserve their rights under this section;

(ii) Has previously requested nomination of a price under paragraph (b)(1) of this section for any gas sold under the contract; or

(iii) Has been requested under this section to nominate a price for any gas sold under the contract, and the last date has passed under paragraphs (b)(2) or (b)(3) of this section to request the other party to nominate a price for gas sold under the contract.

(5)(i) A first seller that validly assigns or otherwise transfers gas subject to an existing contract on or after June 3, 1987 may not request a nomination of price under the provisions of this section for any gas sold under any existing contract with that purchaser unless the purchaser's right to renegotiate, under the provisions of this section, the terms of sale of the assigned gas are unaffected by the assignment.

(ii) A first seller to whom gas subject to an existing contract is validly assigned, or otherwise transferred, on or after June 3, 1987 may not request nomination of a price under the provisions of this section for the assigned gas, unless the purchaser's right to renegotiate, under the provisions of this section, the terms of sale of all gas sold under any existing contract between the purchaser and the assignor on June 3, 1987 are unaffected by the assignment.

(6) Any request for nomination of a price under this section, any nomination of a price in response to such a request, and any notice of abandonment of sales or termination of purchases under this section must be sent by U.S. mail, return receipt requested.

(7) Any deadline under this section for requesting a nomination of a price, or for nominating a price in response to such a request, may be extended by mutual agreement of the parties in writing. Any notice required under this section to be given before a first seller or purchaser abandons or terminates sales or purchasers may be shortened by mutual agreement of the parties in writing.

(8) A party nominating a price may propose a change in any other term of the existing contract, and for purposes of this section, the terms "nominated

price" and "nomination" may include such a proposed change.

(b) *Requests for negotiation and nomination of price.*

(1)(i) At any time after January 23, 1987, a first seller may request the purchaser to nominate a price at which the purchaser is willing to continue buying old gas under any existing contract by submitting a written request to the purchaser, and may specify the wells or category of wells under each contract for which the first seller requests a renegotiated price.

(ii) When requesting a nomination of a price under this paragraph, a first seller may also request the purchaser to provide the first seller with a current list of all of the purchaser's firm sales customers, including the name and address of an employee or agent responsible for negotiating purchases of natural gas on behalf of the customer. The purchaser must send the list of customers to the first seller within 30 days after receiving the request, and must include a certification of its completeness and accuracy. The list must be sent by U.S. mail, return receipt requested.

(2) Within 30 days after receiving a request for nomination of a price under paragraph (b)(1) of this section, the purchaser may request the first seller to nominate a price at which the first seller is willing to continue selling any gas, including old gas for which the first seller has requested a nomination of price by the purchaser, under any existing contract with the purchaser that includes the sale of any old gas, whether or not named in the first seller's request, by submitting a written request to the first seller.

(3) Within 30 days after receiving a request from a purchaser for nomination of a price for any gas under a contract that is not named in the first seller's request and that includes the sale of any old gas, the first seller may request the purchaser to nominate a price at which the purchaser is willing to continue buying any old gas under that contract, including old gas for which the purchaser has requested a nomination of price by the first seller, by submitting a written request to the purchaser.

(4) A first seller's request for nomination of a price under paragraph (b)(1) of this section constitutes an offer to release the purchaser from its contract obligation to purchase any gas sold under any existing contract with the first seller, whether or not named in the first seller's request, that includes the sale of any old gas.

(5)(i) The provisions of this paragraph apply when (A) a first seller validly assigns (or otherwise transfers) gas subject to an existing contract to another first seller on or after June 3, 1987 and (B) the assignor or assignee is eligible to request nomination of a price under paragraph (b)(1) of this section.

(ii) If the assignor requests nomination of a price, under paragraph (b)(1) of this section, for old gas sold under any contract between it and the purchaser, the purchaser may request nomination of a price under paragraph (b)(2) of this section for any gas which on June 3, 1987 was subject to an existing contract between the purchaser and the assignor.

(iii) If the assignee requests nomination of a price under paragraph (b)(1) of this section for the assigned gas the purchaser may request nomination of a price for any gas which on June 3, 1987, was subject to an existing contract between the assignor and the purchaser, but the purchaser may not request nomination of a price for any other gas.

(iv) If the assignee requests nomination of a price under paragraph (b)(1) of this section for old gas other than the assigned gas, the purchaser may not request nomination of a price under paragraph (b)(2) of this section for the assigned gas.

(v) The purchaser must address any requests for nomination of a price authorized by paragraphs (b)(5) (ii) or (iii) of this section to the first seller currently selling it the gas for which nomination of a new price is requested.

(vi) If a first seller receives a request for nomination of a price authorized by paragraph (b)(5) (ii) or (iii) of this section with respect to an existing contract for which it did not make a nomination request under paragraph (b)(1) of this section, the first seller may quest under paragraph (b)(3) of this section that the purchaser nominate a price for any old gas sold under that contract, whether or not the contract was named in the nomination request of the assignor or assignee under paragraph (b)(1) of this section.

(c) *No response to request for nomination.* (1) If the purchaser does not nominate a price in writing within 60 days after receiving the first seller's request for nomination of a price, the first seller may offer to sell all or part of the gas named in its request for nomination to a new purchaser. The first seller is authorized, upon 30-days written notice to the existing purchaser, to abandon the sale of the gas if the first seller enters into a written contract for the sale of all or part of the gas to a new purchaser after any necessary compliance with paragraph (g) of this section.

(2) If the first seller does not nominate a price in writing within 60 days after receiving the purchaser's request for nomination of a price, the purchaser may terminate its purchases of all or part of the gas named in its request for nomination at any time upon 60-days written notice to the first seller.

(d) *Purchaser's nomination of highest price.* If the purchaser nominates in writing the highest price to which an existing contract price could escalate with the purchaser's agreement under § 271.402(c)(7)(ii) of this chapter, and the purchaser does not propose a change in any term of the contract, sales must continue at the nominated price under the terms of the existing contract.

(e) *Purchaser's nomination of lower price; first seller's options.* (1) If the purchaser nominates in writing a price less than the highest price to which the existing contract price could escalate or proposes a change in any other term of the contract, the first seller must accept or reject the nominated price in writing within 30 days after receiving the nomination. If the first seller does not accept the purchaser's nominated price in writing within 30 days, the nominated price is deemed rejected.

(2) If the first seller accepts the nominated price, sales must continue at the agreed-upon price under the other terms of the existing contract, unless such terms are renegotiated by the parties.

(3) If the first seller rejects the nominated price, the first seller must continue sales to the purchaser at the existing price until the sale of the gas is abandoned under this paragraph. At any time after a rejection, the first seller may offer to sell to a new purchaser all or part of the gas for which no price is agreed upon under this paragraph.

(4) A first seller is authorized, upon 30-days written notice to the existing purchaser, to abandon the sale of any gas offered under this paragraph for which the first seller enters into a written contract with a new purchaser after any necessary compliance with paragraph (g) of this section.

(f) *First seller's nomination of price; purchaser's options.* (1) If the first seller nominates a price in writing in response to the purchaser's request under paragraph (b)(2) of this section, the purchaser must accept or reject the nominated price in writing within 30 days after receiving the nomination. If the purchaser does not accept the first seller's nominated price in writing within 30-days, the nominated price is deemed rejected.

(2) If the purchaser accepts the nominated price, purchases must continue at the agreed-upon price under the other terms of the existing contract, unless such terms are renegotiated by the parties.

(3) If the purchaser rejects the nominated price, the purchaser may at any time terminate its purchases of all or part of the gas named in its request for nomination upon 60-days written notice to the first seller.

(4) The terms of the existing contract apply until the purchaser accepts the first seller's nominated price or terminates purchases of the gas under this paragraph.

(5) A first seller is authorized to abandon sales of the gas to the purchaser if the purchaser terminates purchases of gas under this section and the first seller enters into a written contract for the sale of the gas to a new purchaser after any necessary compliance with paragraph (g) of this section.

(g) *Existing firm sales customers' right of first refusal*—(1) *General rule.* (i) If the first seller offers to sell gas subject to release due to termination or abandonment under paragraphs (c), (e), or (f) of this section ("offer") to a new purchaser that is not an existing firm sales customer of the existing purchaser, the first seller must present the same offer to all existing firm sales customers, if:

(A) The existing purchaser is not subject to the non-discriminatory access provisions of § 284.8(b) or § 284.9(b) of this chapter, and;

(B) The offer encompasses the sale of any gas subject to the Commission's jurisdiction under section 1(b) of the Natural Gas Act and is substantially accepted in principle by the new purchaser in an arms-length transaction.

(ii) Any existing firm sales customer has a right of first refusal to purchase the gas under the terms of the offer. The offer must be presented in accordance with the provisions of this paragraph.

(2) *Making the offer.* The offer to a new purchaser that is not an existing firm sales customer must be presented to all such customers of the existing purchaser not later than 10 days after the offer is substantially accepted in principle by the new purchaser. The offer must be tendered by U.S. mail, return receipt requested.

(3) *Acceptance and rejection of offer; no counteroffer.* (i) An existing firm sales customer must accept the offer in writing within 20 days after receiving the offer. The offer is deemed accepted when it is signed and placed in the U.S. mail, return receipt requested. If the offer is not accepted by an existing firm sales customer within 20 days of its receipt, the offer is deemed rejected.

(ii) Any written counteroffer by an existing firm sales customer constitutes a rejection.

(iii) If the first seller receives more than one acceptance from an existing firm sales customer, the first seller may determine which such customer will become the new purchaser.

(4) *Termination of right of first refusal.* If no existing firm sales customer accepts the offer made under this paragraph within 20 days of receiving the offer, the first seller may execute a written contract with the new purchaser that substantially accepted the offer before it was sent to the existing firm sales customers. Such written contract with a new purchaser is not subject to a right of first refusal.

(5) *Definition.* For purposes of this section, "existing firm sales customer" means a customer with which the existing purchaser has a contract for the sale of gas not subject to a prior claim by another customer or another class of service, and at the same priority as any other class of firm service, which is in effect on the date a new purchaser substantially accepts in principle an offer under paragraph (g)(1) of this section.

(h) *Transportation by existing pipeline purchaser.* A purchaser that is an interstate pipeline not subject to the non-discriminatory access provisions of § 284.8(b) or § 284.9(b) of this chapter must transport any gas released due to termination or abandonment under this section, on behalf of any shipper, to any existing customer of the interstate pipeline or to any pipeline to which the interstate pipeline is interconnected, and in accordance with § 284.225 of this chapter, if the purchaser:

(1) Does not submit a timely nomination of a price for gas under paragraph (c)(1) of this section in response to the first seller's request for nomination of a price;

(2) Nominates a price under paragraph (e)(1) of this section that is less than the highest price to which its existing contract price could escalate if it were a new or amended contract;

(3) Terminates purchases of gas under paragraph (c)(2) of this section when the first seller does not submit a timely nomination of a price; or

(4) Terminates purchases of gas under paragraph (f)(3) of this section after rejecting a price for gas nominated by the first seller.

[Order 451, 51 FR 22219, June 18, 1986, as amended by Order 451-A, 51 FR 46818, Dec. 24, 1986; Order 451-B, 52 FR 21677, June 1987]

### § 270.202 Resales.

(a) *General rule.* In the case of any first sale of natural gas which is a resale of such gas, the maximum lawful price shall be the higher of:

(1) The maximum lawful price which would be applicable to such sale if it were not a resale; or

(2) The maximum lawful price applicable to the natural gas sold to the reseller. In the case of natural gas which when sold to the reseller was subject to more than one maximum lawful price, the reseller may determine the maximum lawful price for purposes of this paragraph (a)(2) on the basis of the average of the maximum lawful prices applicable to the natural gas sold to the reseller (weighted according to the number of purchased Btu's that are subject to each different maximum lawful price).

(b) *Special rule for interim collections.* (1) If the price for a first sale to a reseller is charged and collected under the authority of Part 273 (relating to interim collection), then:

(i) The price authorized to be collected under Part 273 shall be treated as a maximum lawful price for purposes of paragraph (a)(2) of this section; and

(ii) The price charged and collected by the reseller shall be subject to the same refund conditions under Part 273 as are imposed on the person who sold the natural gas to the reseller.

(2) The reseller is not obligated by § 273.202(d) or by § 273.203 to make any filings with the Commission, or to serve notice to a purchaser, if such filings or notice have been made by:

(i) The person who sold the natural gas to the reseller; or

(ii) A person designated under § 273.103(b) by the person in clause (b)(2)(i) of this section to make such filings or notice.

(c) *Allowances.* (1) A resale of natural gas shall not be considered to exceed any maximum lawful price established in paragraph (a) of this section if it exceeds such price to the extent necessary to recover state severance taxes or production-related costs which are borne by the reseller and if such recovery by the reseller is allowed under Subpart K of Part 271.

(2) If a price for a first sale to a reseller of natural gas is not considered to exceed the applicable maximum lawful price applicable to such sale by reason of an amount allowed under Subpart K, then for purposes of applying paragraph (a)(2) of this section the maximum lawful price applicable to the natural gas sold to the reseller shall be considered to be increased by the amount so allowed.

(d) *Adjustments.* Pursuant to section 502(c) of the NGPA and Subpart K of Part 385 of this chapter, a reseller may apply to the Commission for an adjustment of the maximum lawful price in paragraph (a) of this section on the grounds that such price results in special hardship, inequity or an unfair distribution of burdens.

(e) *Definitions.* For purposes of this section:

(1) "Resale" of natural gas means the sale of natural gas, all or a portion of which was both purchased and resold in transactions that are first sales as defined in the NGPA.

(2) A "reseller" means the seller in a resale of such natural gas.

(3) "Percentage-of-proceeds sale" means a sale of natural gas the price for which is computed as a percentage of the proceeds from the resale of natural gas attributable to such sale.

(f) *Record retention.* In addition to any records required to be retained by reason of an election made by the reseller under § 276.101(b), such reseller shall maintain such records as are sufficient to demonstrate that prices charged for the resale of natural gas do not exceed the maximum lawful prices prescribed in this section. Such records shall include:

(1) A record of each resale of natural gas by the reseller, including the identity of the purchaser and the volume and price of such sale;

(2) A record of each sale of natural gas to the reseller which has been sold in a resale by such reseller, including the volume and price of such sale;

(3) A copy of the contracts covering the purchase and resale of natural gas; and

(4) A record of the method by which the reseller computes the maximum lawful price applicable to each resale

and the documents relied on to make such computations.

(g) *Period for keeping records.* Each reseller required to maintain records under this section shall maintain and preserve contracts for any sale to which this section applies for at least three years after the expiration date of such contracts and such other records for at least three years after the date of the relevant transaction or event.

(h) *Special rules for percentage-of-proceeds sales.* (1) In the case of natural gas purchased by a reseller in a percentage-of-proceeds sale, the reseller may determine the maximum lawful price for the resale under paragraph (a)(1) of this section. If the reseller so determines his maximum lawful price, any sale to such reseller in such percentage-of-proceeds sale shall not be treated as a first sale for purposes of this subchapter.

(2) The price of natural gas sold under a percentage-of-proceeds contract subject to Subparts E and F of Part 271 is deregulated if the price paid on the resale contract is deregulated under Part 272.

(Natural Gas Policy Act of 1978, 15 U.S.C. 3301-3432; Natural Gas Act, as amended, 15 U.S.C. 717, *et seq.*; Department of Energy Organization Act, 42 U.S.C. 7107-7352; E.O. 12009, 42 FR 46267; Administrative Procedure Act, 5 U.S.C. 553)

[Order 93, 45 FR 49081, July 23, 1980, as amended by Order 131, 46 FR 12203, Feb. 13, 1981; Order 225, 47 FR 19057, May 3, 1982; Order 406-A, 49 FR 50641, Dec. 31, 1984]

### § 270.203 Pipeline, distributor, and affiliate production.

(a) *General rule.* The definition of first sale in section 2(21) of the NGPA includes gas produced by an interstate pipeline, intrastate pipeline, local distribution company, or any affiliate thereof.

(b) *Intracompany transfer*—(1) *First sales by interstate pipelines.* A transfer, at the wellhead, of gas produced by an interstate pipeline company's production divisional unit to its transmission divisional unit is that pipeline's first sale under the NGPA. It must be evidenced in an intracompany operating statement.

(2) *First sales by intrastate pipelines.* A transfer, at the wellhead, of gas produced by an intrastate pipeline company's production divisional unit to its transmission divisional unit is that pipeline's first sale under the NGPA.

(3) *First sales by a local distribution company.* A transfer, at the wellhead, of gas produced by a local distribution company's production unit is that company's first sale under the NGPA.

(c) *Circumvention rule for certain sales by affiliates.* Any sale by an affiliate of an interstate pipeline, intrastate pipeline, or local distribution company, that is not itself such a pipeline or local distribution company is that affiliate's first sale under the NGPA unless the Commission, on application, determines not to treat such sale as a first sale.

[Order 391, 49 FR 33859, Aug. 27, 1984; Order 406, 49 FR 39293, Nov. 29, 1984]

### § 270.204 Btu content per cubic foot of natural gas.

(a) *Measurement.* The Btu content of one cubic foot of natural gas under the standard conditions specified in paragraph (b) of this section is the number of Btu's produced by the complete combustion of such cubic foot of gas, at constant pressure with air of the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of the gas and air and when the water formed by such combustion is condensed to a liquid state.

(b) *Standard conditions.* The standard conditions for purposes of paragraph (a) of this section are as follows: The gas is saturated with water vapor at 60 degrees Fahrenheit under a pressure equivalent to that of 30.00 inches of mercury at 32 degrees Fahrenheit under standard gravitational force (980.665 centimeters per second squared).

(c) *Application of the maximum lawful price.* The maximum lawful price prescribed by the NGPA for any first sale of natural gas applies to the quantity of Btu's determined on the basis of the standard conditions described in § 270.204(b). The standard conditions apply, regardless of the actual delivery pressure and temperature conditions and the actual water vapor content of gas delivered by a first seller.

[Order 356, 49 FR 3073, Jan. 25, 1984]

### § 270.205 Contractual authorization to collect NGPA rates.

(a) *Existing interstate contracts.* In the case of an existing contract for a first sale of natural gas to which the Natural Gas Act applies:

(1) Any contractual provision for a change in price in such contract which by its terms specifically permits collection of NGPA rates or of maximum lawful prices prescribed by legislation, constitutes contractual authorization to charge and collect the NGPA rates applicable to such first sale.

(2) A contractual provision described in § 154.93 (b-1) (relating to area rate clauses), or similar provision, generally will be considered to constitute contractual authorization to charge and collect an NGPA rate to the extent the parties intended to authorize charging and collection of one or more NGPA rates under the contract.

(b) *Existing intrastate contracts.* In the case of an existing contract (other than a contract to which paragraph (a) applies):

(1) Except as provided in paragraph (b)(2) of this section, any contractual provision for a change in price may operate according to the terms of such provision except that such provision is not operative to authorize a seller to charge and collect an amount in excess of the highest applicable NGPA rate.

(2) If natural gas sold under such contract is subject to section 105(b)(1) of the NGPA and qualifies for no higher maximum lawful price, no contractual provision for a change in the price under such contract may operate to permit a price under the contract in excess of the new natural gas price under section 102 of the NGPA. However, if a seller collects an adjustment for production-related costs or State severance taxes in accordance with Subpart K of Part 271, that amount shall not be considered to be in excess of the new natural gas price under section 102 of the NGPA.

(c) *Modification of contracts.* The NGPA does not prohibit the parties to a contract for the first sale of natural gas from amending or modifying such contract to permit the seller to charge and collect any applicable NGPA rate or an adjustment under Subpart K of Part 271 for production-related costs or State severance taxes. If natural gas sold under such contract is subject to section 105(b)(1) of the NGPA and qualifies for no higher maximum lawful price under any other provision of the NGPA, no amendment or modification of such contract may provide authorization for a seller to charge and collect a price which exceeds the price under the terms of the contract as in effect on November 9, 1978, except to the extent the amendment provides authorization to collect an adjustment for production-related costs or State severance taxes in accordance with Subpart K of Part 271.

(d) *Definition.* For purposes of this section, "NGPA rate" means maximum lawful price prescribed by or under the NGPA (including any price collection of which is authorized by Part 273) of this chapter.

[44 FR 16908, Mar. 30, 1979, as amended by Order 23-A, 44 FR 34473, June 15, 1979; Order 108-A, 48 FR 48228, Oct. 18, 1983]

### § 270.206 Applicability of section 314 "Limitation on Effectiveness of Commingling and Similar Clauses".

For the purposes of section 314(a) of the NGPA, (relating to unenforceability of commingling and similar clauses) the term "natural gas covered by this Act" means natural gas which is described in any one or more of the following paragraphs:

(a) Natural gas which is not committed or dedicated to interstate commerce as of November 8, 1978.

(b) Natural gas, the sale in interstate commerce of which (1) is authorized under NGPA section 302(a) or 311(b); or (2) is pursuant to an assignment under NGPA section 312(a).

(c) Natural gas, the transportation in interstate commerce of which is (1) pursuant to any order under NGPA section 302(c) or NGPA section 303(b), (c), (d), or (h); or (2) authorized by the

Commission under NGPA section 311(a).

[44 FR 18967, Mar. 30, 1979]

**§ 270.207 Sales of volumes of gas which include deregulated natural gas.**

No portion of the price paid for the first sale of deregulated natural gas, as defined in § 272.103, or gas for which an application that the gas qualifies as deregulated natural gas is pending, may represent consideration for the sale of natural gas which is not deregulated natural gas.

[Order 78, 45 FR 28098, Apr. 28, 1980, as amended by Order 406, 49 FR 46883, Nov. 29, 1984]

**§ 270.208 Applicability of section 121.**

First sales of natural gas that is deregulated natural gas as defined in § 272.103(a) is price deregulated and not subject to the maximum lawful prices of the NGPA, regardless of whether the gas also meets the criteria for some other category of gas subject to a maximum lawful price under Subtitle A of Title I of the NGPA.

[Order 406, 49 FR 46883, Nov. 29, 1984]

## PART 271—CEILING PRICES

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AUTHORITY: Department of Energy Org nization Act, 42 U.S.C. 7101 *et seq.* (198 Natural Gas Policy Act of 1978, 15 U.S. 3301-3432 (1982); Administrative Procedu

Act, 5 U.S.C. 553 (1982), unless otherwise noted.

SOURCE: 43 FR 56551, Dec. 1, 1978, unless otherwise noted.

## Subpart A—Summary Tables and Calculations

### § 271.101 Ceiling prices for certain categories of natural gas.

(a) The maximum lawful price for natural gas subject to Subparts B, C, G, H, and I of this part, and certain natural gas subject to Subpart F thereof, are specified in Table I. The maximum lawful prices for certain categories of natural gas subject to Subpart D of this part are specified in Table II.

### TABLE I—NATURAL GAS CEILING PRICES

[Other than NGPA sections 104 and 106(a)]

| Subpart of Part 271 | NGPA section | Category of gas | Maximum lawful price per MMBtu for deliveries in Dec. 1978 | Jan. 1979 | Feb. 1979 | Mar. 1979 | Apr. 1979 | May 1979 | June 1979 | July 1979 | Aug. 1979 | Sept. 1979 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| B | 102 | New natural gas, certain OCS gas | $2.078 | $2.096 | $2.116 | $2.136 | $2.156 | $2.177 | $2.198 | $2.220 | $2.244 | $2.268 |
| C | 103 | New, onshore production wells | 1.969 | 1.980 | 1.993 | 2.006 | 2.019 | 2.033 | 2.047 | 2.062 | 2.079 | 2.096 |
| F | 106(b)(1)(B) | Alternative maximum lawful price for certain intrastate rollover gas [1]. | 1.121 | 1.128 | 1.136 | 1.144 | 1.152 | 1.160 | 1.168 | 1.176 | 1.185 | 1.195 |
| G | 107(c)(1) | High-cost gas (deep gas) [2] | 2.078 | 2.096 | 2.116 | 2.136 | 2.156 | 2.177 | 2.198 | 2.220 | 2.244 | 2.268 |
|  | 107(c)(5) | Gas produced from tight formations [3] |  |  |  |  |  |  |  | 4.124 | 4.158 | 4.192 |
| H | 108 | Stripper gas | 2.224 | 2.243 | 2.264 | 2.285 | 2.306 | 2.329 | 2.352 | 2.375 | 2.400 | 2.426 |
| I | 109 | Not otherwise covered | 1.630 | 1.639 | 1.650 | 1.661 | 1.672 | 1.684 | 1.696 | 1.708 | 1.722 | 1.736 |

[1] Section 271.602(a) provides that for certain gas sold under an intrastate rollover contract the maximum lawful price is the higher of the price paid under the expired contract, adjusted for inflation or an alternative Maximum Lawful Price specified in this Table. This alternative Maximum Lawful Price for each month appears in this row of Table I.

[2] Commencing November 1, 1979, the price of natural gas finally determined to be eligible as deep high-cost gas under section 107(c)(1) of the NGPA is deregulated. (*See*, Part 272 of the Commission's Regulations.) Prior to that date, the maximum lawful price applicable to deep high-cost gas was the price specified in Subpart B of Part 271.

[3] The maximum lawful price for tight formation gas is the lesser of the negotiated contract price or 200% of the price specified in Subpart C of Part 271. The maximum lawful price for tight formation gas applies on or after July 16, 1979. (*See*, § 271.703 and § 271.204.)

### TABLE I—NATURAL GAS CEILING PRICES—Continued

[Other than NGPA sections 104 and 106(a)]

| Subpart of Part 271 | NGPA section | Category of gas | Maximum lawful price per MMBtu for deliveries in Oct. 1979 | Nov. 1979 | Dec. 1979 | Jan. 1980 | Feb. 1980 | Mar. 1980 | Apr. 1980 | May 1980 | June 1980 | July 1980 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| B | 102 | New natural gas, certain OCS gas | $2.292 | $2.314 | $2.336 | $2.358 | $2.381 | $2.404 | $2.428 | $2.453 | $2.478 | $2.504 |
| C | 103 | New, onshore production wells | 2.113 | 2.128 | 2.143 | 2.158 | 2.173 | 2.188 | 2.204 | 2.221 | 2.238 | 2.255 |
| F | 106(b)(1)(B) | Alternative maximum lawful price for certain intrastate rollover gas [1] | 1.205 | 1.213 | 1.221 | 1.229 | 1.238 | 1.247 | 1.256 | 1.266 | 1.276 | 1.286 |
| G | 107(c)(1) | High-cost gas (deep gas) [2] | 2.292 |  |  |  |  |  |  |  |  |  |
|  | 107(c)(5) | Gas produced from tight formations [3] | 4.226 | 4.256 | 4.286 | 4.316 | 4.346 | 4.376 | 4.408 | 4.442 | 4.476 | 4.510 |
| H | 108 | Stripper gas | 2.452 | 2.475 | 2.499 | 2.523 | 2.548 | 2.573 | 2.598 | 2.625 | 2.652 | 2.680 |
| I | 109 | Not otherwise covered | 1.750 | 1.762 | 1.774 | 1.786 | 1.799 | 1.812 | 1.825 | 1.839 | 1.853 | 1.867 |

[1] Section 271.602(a) provides that for certain gas sold under an intrastate rollover contract the maximum lawful price is the higher of the price paid under the expired contract, adjusted for inflation or an alternative Maximum Lawful Price specified in this Table. This alternative Maximum Lawful Price for each month appears in this row of Table I.

[2] Commencing November 1, 1979, the price of natural gas finally determined to be eligible as deep high-cost gas under section 107(c)(1) of the NGPA is deregulated. (*See*, Part 272 of the Commission's Regulations.) Prior to that date, the maximum lawful price applicable to deep high-cost gas was the price specified in Subpart B of Part 271.

[3] The maximum lawful price for tight formation gas is the lesser of the negotiated contract price or 200% of the price specified in Subpart C of Part 271. The maximum lawful price for tight formation gas applies on or after July 16, 1979. (*See*, § 271.703 and § 271.204.)

### TABLE I—NATURAL GAS CEILING PRICES—Continued

[Other than NGPA sections 104 and 106(a)]

| Subpart of Part 271 | NGPA section | Category of gas | Aug. 1980 | Sept. 1980 | Oct. 1980 | Nov. 1980 | Dec. 1980 | Jan. 1981 | Feb. 1981 | Mar. 1981 | Apr. 1981 | May 1981 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Maximum lawful price per MMBtu for deliveries in | | | | | | | | | |
| B | 102 | New natural gas, certain OCS gas | $2.532 | $2.560 | $2.588 | $2.614 | $2.640 | $2.667 | $2.698 | $2.729 | $2.761 | $2.787 |
| C | 103 | New, onshore production wells | 2.274 | 2.293 | 2.312 | 2.329 | 2.346 | 2.363 | 2.384 | 2.406 | 2.428 | 2.444 |
| F | 106(b)(1)(B) | Alternative maximum lawful price for certain intrastate rollover gas [1] | 1.297 | 1.308 | 1.319 | 1.329 | 1.339 | 1.349 | 1.361 | 1.373 | 1.385 | 1.394 |
| G | 107(c)(5) | Gas produced from tight formations [3] | 4.548 | 4.586 | 4.624 | 4.658 | 4.692 | 4.726 | 4.768 | 4.812 | 4.856 | 4.888 |
| H | 108 | Stripper gas | 2.710 | 2.740 | 2.770 | 2.798 | 2.826 | 2.855 | 2.888 | 2.922 | 2.956 | 2.984 |
| I | 109 | Not otherwise covered | 1.883 | 1.899 | 1.915 | 1.929 | 1.943 | 1.957 | 1.975 | 1.993 | 2.011 | 2.024 |

[1] Section 271.602(a) provides that for certain gas sold under an intrastate rollover contract the maximum lawful price is the higher of the price paid under the expired contract, adjusted for inflation or an alternative Maximum Lawful Price specified in this Table. This alternative Maximum Lawful Price for each month appears in this row of Table I.

[2] [Reserved].

[3] The maximum lawful price for tight formation gas is the lesser of the negotiated contract price or 200% of the price specified in Subpart C of Part 271. The maximum lawful price for tight formation gas applies on or after July 16, 1979. (*See*, § 271.703 and § 271.204.)

### TABLE I—NATURAL GAS CEILING PRICES—Continued

[Other than NGPA sections 104 and 106(a)]

| Subpart of Part 271 | NGPA section | Category of gas | June 1981 | July 1981 | Aug. 1981 | Sept. 1981 | Oct. 1981 | Nov. 1981 | Dec. 1981 | Jan. 1982 | Feb. 1982 | Mar. 1982 | Apr. 1982 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Maximum lawful price per MMBtu for deliveries in | | | | | | | | | | |
| B | 102 | New natural gas, certain OCS gas | $2.813 | $2.840 | $2.863 | $2.886 | $2.909 | $2.940 | $2.971 | $3.003 | $3.033 | $3.063 | 3.093 |
| C | 103 | New, onshore production wells | 2.460 | 2.476 | 2.488 | 2.501 | 2.514 | 2.533 | 2.552 | 2.572 | 2.590 | 2.608 | 2.62 |
| F | 106(b)(1)(B) | Alternative maximum lawful price for certain intrastate rollover gas [1] | 1.403 | 1.412 | 1.419 | 1.426 | 1.433 | 1.444 | 1.455 | 1.466 | 1.476 | 1.486 | 1.496 |
| G | 107(c)(5) | Gas produced from tight formations [2] | 4.920 | 4.952 | 4.976 | 5.002 | 5.028 | 5.066 | 5.104 | 5.144 | 5.180 | 5.216 | 5.252 |
| H | 108 | Stripper gas | 3.012 | 3.041 | 3.066 | 3.091 | 3.116 | 3.149 | 3.183 | 3.217 | 3.249 | 3.281 | 3.314 |
| I | 109 | Not otherwise covered | 2.037 | 2.050 | 2.060 | 2.070 | 2.080 | 2.096 | 2.112 | 2.128 | 2.143 | 2.158 | 2.173 |

[1] Section 271.602(a) provides that for certain gas sold under an intrastate rollover contract the maximum lawful price is the higher of the price paid under the expired contract, adjusted for inflation or an alternative Maximum Lawful Price specified in this Table. This alternative Maximum Lawful Price for each month appears in this row of Table I.

[2] [Reserved].

[3] The maximum lawful price for tight formation gas is the lesser of the negotiated contract price or 200% of the price specified in Subpart C of Part 271. The maximum lawful price for tight formation gas applies on or after July 16, 1979. (*See*, § 271.703 and § 271.204.)

### TABLE I—NATURAL GAS CEILING PRICES—Continued

[Other than NGPA sections 104 and 106(a)]

| Subpart of Part 271 | NGPA section | Category of gas | Maximum lawful price per MMBtu for deliveries in | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | May 1982 | June 1982 | July 1982 | Aug. 1982 | Sept. 1982 | Oct. 1982 | Nov. 1982 | Dec. 1982 | Jan. 1983 | Feb. 1983 | Mar. 1983 | Apr. 1983 |
| B | 102 | New natural gas, certain OCS gas | $3.112 | $3.132 | $3.152 | $3.176 | $3.200 | $3.224 | $3.249 | $3.274 | $3.299 | $3.321 | $3.344 | $3.367 |
| C | 103 | New, onshore production wells | 2.634 | 2.642 | 2.650 | 2.662 | 2.674 | 2.686 | 2.698 | 2.710 | 2.722 | 2.732 | 2.742 | 2.752 |
| F | 106(b)(1)(B) | Alternative maximum lawful price for certain intrastate rollover gas [1] | 1.501 | 1.506 | 1.511 | 1.518 | 1.525 | 1.632 | 1.539 | 1.546 | 1.553 | 1.559 | 1.565 | 1.571 |
| G | 107(c)(1) | High-cost gas (deep gas) [2] | 5.268 | 5.284 | 5.300 | 5.324 | 5.348 | 5.372 | 5.396 | 5.420 | 5.444 | 5.464 | 5.484 | 5.504 |
| | 107(c)(5) | Gas produced from tight formations [3] | | | | | | | | | | | | |
| H | 108 | Stripper gas | 3.335 | 3.356 | 3.377 | 3.403 | 3.429 | 3.455 | 3.481 | 3.508 | 3.535 | 3.559 | 3.583 | 3.607 |
| I | 109 | Not otherwise covered | 2.180 | 2.187 | 2.194 | 2.204 | 2.214 | 2.224 | 2.234 | 2.244 | 2.254 | 2.262 | 2.270 | 2.278 |

[1] Section 271.602(a) provides that for certain gas sold under an intrastate rollover contract the maximum lawful price is the higher of the price paid under the expired contract, adjusted for inflation or an alternative Maximum Lawful Price specified in this Table. This alternative Maximum Lawful Price for each month appears in this row of Table I.

[2] Commencing November 1, 1979, the price of natural gas finally determined to be eligible as deep high-cost-gas under section 107(c)(1) of the NGPA is deregulated. (*See*, Part 272 of the Commission's Regulations.) Prior to that date, the maximum lawful price applicable to deep high-cost gas was the price specified in Subpart B of Part 271.

[3] The maximum lawful price for tight formation gas is the lesser of the negotiated contract price or 200% of the price specified in Subpart C of Part 271. The maximum lawful price for tight formation gas applies on or after July 16, 1979. (*See*, § 271.703 and § 271.204.)

### TABLE I—NATURAL GAS CEILING PRICES—Continued

[Other than NGPA sections 104 and 106(a)]

| Subpart of Part 271 | NGPA section | Category of gas | Maximum lawful price per MMBtu for deliveries in | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | May 1983 | June 1983 | July 1983 | Aug. 1983 | Sept. 1983 | Oct. 1983 | Nov. 1983 | Dec. 1983 | Jan. 1984 | Feb. 1984 | Mar. 1984 | Apr. 1984 |
| B | 102 | New natural gas, certain OCS gas | $3.394 | $3.421 | $3.448 | $3.472 | $3.496 | $3.520 | $3.542 | $3.564 | $3.386 | $3.609 | $3.632 | $3.656 |
| C | 103 | New, onshore production wells | 2.765 | 2.778 | 2.792 | 2.803 | [illegible] | 2.825 | 2.833 | 2.841 | 2.849 | 2.859 | 2.869 | 2.879 |
| F | 106(b)(1)(B) | Alternative maximum lawful price for certain intrastate rollover gas. | 1.579 | 1.587 | 1.595 | 1.601 | 1.607 | 1.613 | 1.616 | 1.623 | 1.628 | 1.633 | 1.638 | 1.643 |
| G | 107(c)(5) | Gas produced from tight formations | 5.530 | 5.556 | 5.584 | 5.606 | 5.628 | 5.650 | 5.666 | 5.682 | 5.698 | 5.718 | 5.738 | 5.758 |
| H | 108 | Stripper gas | 3.636 | 3.665 | 3.694 | 3.720 | 3.746 | 3.772 | 3.795 | 3.818 | 3.841 | 3.866 | 3.891 | 3.916 |
| I | 109 | Not otherwise covered | 2.289 | 2.300 | 3.211 | 2.320 | 2.329 | 2.338 | 2.345 | 2.352 | 2.359 | 2.367 | 2.375 | 2.383 |

## TABLE I—NATURAL GAS CEILING PRICES—Continued

[Other than NGPA sections 104 and 106(a)]

| Subpart of Part 271 | NGPA section | Category of gas | Maximum lawful price per MMBtu for deliveries in | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | May 1984 | June 1984 | July 1984 | Aug. 1984 | Sept. 1984 | Oct. 1984 | Nov. 1984 | Dec. 1984 | Jan. 1985 | Feb. 1985 | Mar. 1985 | Apr. 1985 |
| B | 102 | New natural gas, certain OCS gas [4] | $3.680 | $3.705 | $3.730 | $3.752 | $3.774 | $3.797 | $3.821 | $3.845 | $3.869 | $3.890 | $3.911 | $3.932 |
| C | 103(b)(1) | New onshore production wells [5] | 2.889 | 2.899 | 2.909 | 2.917 | 2.925 | 2.933 | 2.942 | 2.951 | 2.960 | 2.966 | 2.972 | 2.978 |
| | 103(b)(2) | New onshore production wells [5] | | | | | | | | | 3.415 | 3.428 | 3.442 | 3.455 |
| E | 105(b)(3) | Intrastate existing contracts | | | | | | | | | 3.869 | 3.887 | 3.905 | 3.923 |
| F | 106(b)(1)(B) | Alternative maximum lawful price for certain intrastate rollover gas [1] | 1.649 | 1.655 | 1.661 | 1.666 | 1.671 | 1.676 | 1.681 | 1.686 | 1.691 | 1.695 | 1.699 | 1.703 |
| G | 107(c)(5) | Gas produced from tight formations [3] | 5.778 | 5.798 | 5.818 | 5.834 | 5.850 | 5.866 | 5.884 | 5.902 | 5.920 | 5.932 | 5.944 | 5.956 |
| H | 108 | Stripper gas | 3.942 | 3.968 | 3.994 | 4.018 | 4.042 | 4.066 | 4.092 | 4.118 | 4.144 | 4.166 | 4.188 | 4.210 |
| I | 109 | Not otherwise covered | 2.391 | 2.399 | 2.407 | 2.414 | 2.421 | 2.428 | 2.436 | 2.444 | 2.452 | 2.457 | 2.462 | 2.467 |

[1] Sec. 271.602(a) provides that for certain gas sold under an intrastate rollover contract the maximum lawful price is the higher of the price paid under the expired contract, adjusted for inflation or an alternative Maximum Lawful Price specified in this Table. This alternative Maximum Lawful Price for each month appears in this row of Table I. Commencing January 1, 1985, the price of some intrastate rollover gas is deregulated. (See Part 272 of the Commission's Regulations.)

[3] The maximum lawful price for tight formation gas is the lesser of the negotiated contract price or 200% of the price specified in subpart C of Part 271. The maximum lawful price for tight formation gas applies on or after July 16, 1979. (See § 271.703 and § 271.704.)

[4] Commencing January 1, 1985, the price of natural gas finally determined to be new natural gas under sec. 102(c) is deregulated. (See Part 272 of the Commission's Regulations.)

[5] Commencing January 1, 1985, the price of some natural gas finally determined to be natural gas produced from a new, onshore production well under sec. 103 is deregulated. (See Part 272 of the Commission's regulations.)

## TABLE I—NATURAL GAS CEILING PRICES—Continued

[Other than NGPA §§ 104 and 106(a)]

| Subpart of part 271 | NGPA section | Category of gas | Maximum lawful price per MMBtu for deliveries in— | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | May 1985 | June 1985 | July 1985 | Aug. 1985 | Sept. 1985 | Oct. 1985 | Nov. 1985 | Dec. 1985 | Jan. 1986 | Feb. 1986 | Mar. 1986 | Apr. 1986 |
| B | 102 | New natural gas, certain OCS gas [4] | $3.962 | $3.992 | $4.022 | $4.045 | $4.068 | $4.091 | $4.116 | $4.141 | $4.166 | $4.191 | $4.216 | $4.241 |
| C | 103(b)(1) | New onshore production wells [5] | 2.991 | 3.004 | 3.017 | 3.024 | 3.031 | 3.038 | 3.047 | 3.056 | 3.065 | 3.074 | 3.083 | 3.092 |
| | 103(b)(2) | New onshore production wells [5] | 3.477 | 3.498 | 3.520 | 3.535 | 3.550 | 3.565 | 3.582 | 3.599 | 3.616 | 3.633 | 3.650 | 3.667 |
| E | 105(b)(3) | Existing intrastate contracts | 3.950 | 3.977 | 4.004 | 4.023 | 4.043 | 4.063 | 4.084 | 4.105 | 4.127 | 4.149 | 4.171 | 4.193 |
| F | 106(b)(1)(B) | Alternative maximum lawful price for certain intrastate rollover gas [1] | 1.711 | 1.719 | 1.727 | 1.731 | 1.735 | 1.739 | 1.744 | 1.749 | 1.754 | 1.759 | 1.764 | 1.769 |
| G | 107(c)(5) | Gas produced from tight formations [3] | 5.982 | 6.008 | 6.034 | 6.048 | 6.062 | 6.076 | 6.094 | 6.112 | 6.130 | 6.148 | 6.166 | 6.184 |
| H | 108 | Stripper gas | 4.242 | 4.274 | 4.306 | 4.330 | 4.354 | 4.379 | 4.405 | 4.432 | 4.459 | 4.486 | 4.513 | 4.540 |
| I | 109 | Not otherwise covered | 2.478 | 2.489 | 2.500 | 2.506 | 2.512 | 2.518 | 2.525 | 2.532 | 2.539 | 2.546 | 2.553 | 2.560 |

[1] Section 271.602(a) provides that for certain gas sold under an intrastate rollover contract the maximum lawful price is the higher of the price paid under the expired contract, adjusted for inflation or an alternative Maximum Lawful Price specified in this Table. This alternative Maximum Lawful Price for each month appears in this row of Table I. Commencing January 1, 1985, the price of some intrastate rollover gas is deregulated. (See Part 272 of the Commission's regulations.)

[3] The maximum lawful price for tight formation gas is the lesser of the negotiated contract price or 200% of the price specified in Subpart C of Part 271. The maximum lawful price for tight formation gas applies on or after July 16, 1979. (See § 271.703 and § 271.704.)

[4] Commencing January 1, 1985, the price of natural gas finally determined to be new natural gas under section 102(c) is deregulated. (See Part 272 of the Commission's regulations.)

[5] Commencing January 1, 1985, the price of some natural gas finally determined to be natural gas produced from a new, onshore production well under section 103 is deregulated. (See Part 272 of the Commission's regulations.)

TABLE I—NATURAL GAS CEILING PRICES—Continued

[Other than NGPA §§ 104 and 106(a)]

| Subpart of part 271 | NGPA section | Category of gas | Maximum lawful price per MMBtu for deliveries in— | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | May 1986 | June 1986 | July 1986 | Aug. 1986 | Sept. 1986 | Oct 1986 | Nov. 1986 | Dec. 1986 | Jan. 1987 | Feb. 1987 | Mar. 1987 | Apr. 1987 |
| B | 102 | New Natural Gas, Certain OCS Gas [4] | $4.264 | $4.287 | $4.310 | $4.332 | $4.354 | $4.376 | $4.403 | $4.431 | $4.459 | $4.478 | $4.497 | $4.516 |
| C | 103(b)(1) | New Onshore Production Wells [5] | 3.099 | 3.106 | 3.113 | 3.119 | 3.125 | 3.131 | 3.141 | 3.151 | 3.161 | 3.164 | 3.167 | 3.170 |
| | 103(b)(2) | New Onshore Production Wells [5] | 3.682 | 3.697 | 3.712 | 3.726 | 3.740 | 3.754 | 3.772 | 3.791 | 3.810 | 3.821 | 3.832 | 3.843 |
| E | 105(b)(3) | Intrastate Existing Contracts | 4.212 | 4.232 | 4.252 | 4.270 | 4.288 | 4.306 | 4.330 | 4.354 | 4.378 | 4.393 | 4.408 | 4.423 |
| F | 106(b)(1)(B) | Alternative Maximum Lawful Price for Certain Intrastate Rollover Gas [1]. | 1.773 | 1.777 | 1.781 | 1.784 | 1.787 | 1.790 | 1.796 | 1.802 | 1.808 | 1.810 | 1.812 | 1.814 |
| G | 107(c)(5) | Gas Produced from Tight Formations [3]. | 6.198 | 6.212 | 6.226 | 6.238 | 6.250 | 6.262 | 6.282 | 6.302 | 6.322 | 6.328 | 6.334 | 6.340 |
| H | 108 | Stripper Gas | 4.565 | 4.590 | 4.615 | 4.639 | 4.663 | 4.687 | 4.716 | 4.746 | 4.776 | 4.796 | 4.816 | 4.836 |
| I | 109 | Not otherwise covered | 2.566 | 2.572 | 2.578 | 2.583 | 2.588 | 2.593 | 2.601 | 2.609 | 2.617 | 2.620 | 2.623 | 2.626 |

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[1] Section 271.602(a) provides that for certain gas sold under an intrastate rollover contract the maximum lawful price is the higher of the price paid under the expired contract, adjusted for inflation or an alternative Maximum Lawful Price specified in this Table. This alternative Maximum Lawful Price for each month appears in this row of Table I. Commencing January 1, 1985, the price of some intrastate rollover gas is deregulated. (See Part 272 of the Commission's regulations.)

[3] The maximum lawful price for tight formation gas is the lesser of the negotiated contract price or 200% of the price specified in Subpart C of Part 271. The maximum lawful price for tight formation gas applies on or after July 16, 1979. (See § 271.703 and § 271.704.)

[4] Commencing January 1, 1985, the price of natural gas finally determined to be new natural gas under section 102(c) is deregulated. (See Part 272 of the Commission's regulations.)

[5] Commencing January 1, 1985, the price of some natural gas finally determined to be natural gas produced from a new, onshore production well under section 103 is deregulated. (See Part 272 of the Commission's regulations.)

TABLE I—NATURAL GAS CEILING PRICES—Continued

[Other than NGPA §§ 104 and 106(a)]

| Subpart of part 271 | NGPA section | Category of gas | Maximum lawful price per MMBtu for deliveries in— | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | May 1987 | June 1987 | July 1987 | Aug. 1987 | Sept. 1987 | Oct 1987 | Nov. 1987 | Dec. 1987 | Jan. 1988 | Feb. 1988 | Mar. 1988 | Apr. 1988 |
| B | 102 | New Natural Gas, Certain OCS Gas [4] | $4.544 | $4.572 | $4.600 | $4.630 | $4.660 | $4.690 | $4.715 | $4.740 | $4.765 | $4.792 | $4.819 | $4.846 |
| C | 103(b)(1) | New Onshore Production Wells [5] | 3.180 | 3.190 | 3.200 | 3.210 | 3.220 | 3.231 | 3.238 | 3.245 | 3.252 | 3.260 | 3.268 | 3.276 |
| | 103(b)(2) | New Onshore Production Wells [5] | 3.862 | 3.881 | | | | | | | | | | |

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| E | 105(b)(3) | Intrastate Existing Contracts | 4.447 | 4.471 | 4.495 | 4.520 | 4.546 | 4.572 | 4.593 | 4.614 | 4.635 | 4.657 | 4.679 | 4.701 |
| F | 106(b)(1)(B) | Alternative Maximum Lawful Price for Certain Intrastate Rollover Gas [1] | 1.819 | 1.825 | 1.831 | 1.837 | 1.843 | 1.849 | 1.853 | 1.857 | 1.861 | 1.865 | 1.869 | 1.873 |
| G | 107(c)(5) | Gas Produced from Tight Formations [3] | 6.360 | 6.380 | 6.400 | 6.420 | 6.440 | 6.462 | 6.476 | 6.490 | 6.504 | 6.520 | 6.536 | 6.552 |
| H | 108 | Stripper Gas [3] | 4.866 | 4.896 | 4.926 | 4.958 | 4.990 | 5.022 | 5.049 | 5.076 | 5.103 | 5.131 | 5.160 | 5.189 |
| I | 109 | Not Otherwise covered | 2.634 | 2.642 | 2.650 | 2.659 | 2.668 | 2.677 | 2.683 | 2.689 | 2.695 | 2.701 | 2.707 | 2.713 |

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[1] Section 271.602(a) provides that for certain gas sold under an intrastate rollover contract the maximum lawful price is the higher of the price paid under the expired contract, adjusted for inflation or an alternative Maximum Lawful Price specified in this table. This alternative Maximum Lawful Price for each month appears in this row of Table I. Commencing January 1, 1985, the price of some intrastate rollover gas is deregulated. (See Part 272 of the Commission's regulations.)

[2] [Reserved]

[3] The maximum lawful price for tight formation gas is the lesser of the negotiated contract price or 200% of the price specified in Subpart C of Part 271. The maximum lawful price for tight formation gas applies on or after July 16, 1979. (See § 271.703 and § 271.704.)

[4] Commencing January 1, 1985, the price of natural gas finally determined to be new natural gas under section 102(c) is deregulated. (See Part 272 of the Commission's regulations.)

[5] Commencing January 1, 1985, and July 1, 1987, the price of some natural gas finally determined to be natural gas produced from a new, onshore production well under section 103 is deregulated. (See Part 272 of the Commission's regulations.) Thus, for all months succeeding June 1987 publication of a maximum lawful price per MMBtu under NGPA section 103(b)(2) is discontinued.

## TABLE I—NATURAL GAS CEILING PRICES—Continued

[Other than NGPA §§ 104 and 106(a)]

| Subpart of part 271 | NGPA section | Category of gas | Maximum lawful price per MMBtu for deliveries in— | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | May 1988 | June 1988 | July 1988 | Aug. 1988 | Sept. 1988 | Oct. 1988 | Nov. 1988 | Dec. 1988 | Jan. 1989 | Feb. 1989 | Mar. 1989 | Apr. 1989 |
| B | 102 | New natural gas, certain OCS Gas [1] | $4.872 | $4.898 | $4.924 | $4.957 | $4.990 | $5.023 | $5.058 | $5.093 | $5.128 | $5.165 | $5.202 | $5.239 |
| C | 103(b)(1) | New onshore production wells [2] | 3.283 | 3.290 | 3.297 | 3.309 | 3.321 | 3.333 | 3.345 | 3.358 | 3.371 | 3.384 | 3.398 | 3.412 |
| E | 105(b)(3) | Intrastate existing contracts | 4.722 | 4.743 | 4.765 | 4.793 | 4.821 | 4.849 | 4.879 | 4.909 | 4.939 | 4.970 | 5.002 | 5.034 |
| F | 106(b), 1(B) | Alternative maximum lawful price for certain intrastate rollover gas [3] | 1.877 | 1.881 | 1.885 | 1.892 | 1.899 | 1.906 | 1.913 | 1.920 | 1.927 | 1.935 | 1.943 | 1.951 |
| G | 107(c)(5) | Gas produced from tight formations | 6.566 | 6.580 | 6.594 | 6.618 | 6.642 | 6.666 | 6.690 | 6.716 | 6.742 | 6.768 | 6.796 | 6.824 |
| H | 108 | Stripper gas | 5.217 | 5.245 | 5.273 | 5.308 | 5.343 | 5.379 | 5.416 | 5.543 | 5.491 | 5.530 | 5.569 | 5.609 |
| I | 109 | Not otherwise covered [4] | 2.719 | 2.725 | 2.731 | 2.741 | 2.751 | 2.761 | 2.771 | 2.781 | 2.791 | 2.802 | 2.813 | 2.824 |

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[1] Commencing January 1, 1985, the price of natural gas finally determined to be new natural gas under section 102(c) was deregulated. (See Part 272 of the Commission's regulations.)

[2] Commencing January 1, 1985, and July 1, 1987, the price of some natural gas finally determined to be natural gas produced from a new, onshore production well under section 103 was deregulated. (See Part 272 of the commission's regulations.) Thus, for all months succeeding June 1987 publication of a maximum lawful price per MMBtu under NGPA section 103(b)(2) is discontinued.

[3] Section 271.602(a) provides that for certain gas sold under an intrastate rollover contract the maximum lawful price is the higher of the price paid under the expired contract, adjusted for inflation or an alternative Maximum Lawful Price specified in this Table. This alternative Maximum Lawful Price for each month appears in this row of Table I. Commencing January 1, 1985, the price of some intrastate rollover gas was deregulated. (See Part 272 of the Commission's regulations.)

[4] The maximum lawful price for tight formation gas is the lesser of the negotiated contract price or 200% of the price specified in Subpart C of Part 271. The maximum lawful price for tight formation gas applies on or after July 16, 1979. (See § 271.703 and § 271.704.)

### TABLE II—NATURAL GAS CEILING PRICES: NGPA SECTIONS 104 AND 106(a) (SUBPART D, PART 271)

| Category of natural gas and type of sale or contract | Maximum lawful price per MMBtu for deliveries made in Dec. 1978 | Jan. 1979 | Feb. 1979 | Mar. 1979 | Apr. 1979 | May 1979 | June 1979 | July 1979 | Aug. 1979 | Sept. 1979 | Oct. 1979 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Post-1974 gas: All producers | $1.630 | $1.639 | $1.650 | $1.661 | $1.672 | $1.684 | $1.696 | $1.708 | $1.722 | $1.736 | $1.750 |
| 1973–74 biennium gas: | | | | | | | | | | | |
| Small producer | 1.379 | 1.387 | 1.396 | 1.405 | 1.414 | 1.424 | 1.434 | 1.444 | 1.456 | 1.468 | 1.480 |
| Large producer | 1.058 | 1.064 | 1.071 | 1.078 | 1.085 | 1.093 | 1.101 | 1.109 | 1.118 | 1.127 | 1.136 |
| Interstate Rollover gas [1]: | | | | | | | | | | | |
| Small producer | .702 | .715 | .715 | .715 | .715 | .715 | .715 | .715 | .715 | .715 | .715 |
| Large producer | .603 | .607 | .611 | .615 | .619 | .623 | .627 | .631 | .636 | .641 | .646 |
| Replacement contract gas or recompletion gas: | | | | | | | | | | | |
| Small producer | .771 | .775 | .780 | .785 | .790 | .796 | .802 | .808 | .815 | .822 | .829 |
| Large producer | .593 | .596 | .600 | .604 | .608 | .612 | .616 | .620 | .625 | .630 | .635 |
| Flowing gas: | | | | | | | | | | | |
| Small producer | .393 | .395 | .398 | .401 | .404 | .407 | .410 | .413 | .416 | .419 | .422 |
| Large producer | .332 | .334 | .336 | .338 | .340 | .342 | .344 | .346 | .349 | .352 | .355 |
| Certain Permian Basin gas: | | | | | | | | | | | |
| Small producer | .462 | .465 | .468 | .471 | .474 | .477 | .480 | .483 | .487 | .491 | .495 |
| Large producer | .405 | .407 | .410 | .413 | .416 | .419 | .422 | .425 | .428 | .431 | .434 |
| Certain Rocky Mountain gas: | | | | | | | | | | | |
| Small producer | .462 | .465 | .468 | .471 | .474 | .477 | .480 | .483 | .487 | .491 | .495 |
| Large producer | .393 | .395 | .398 | .401 | .404 | .407 | .410 | .413 | .416 | .419 | .422 |
| Certain Appalachian Basin Gas: | | | | | | | | | | | |
| North subarea contracts dated after 10-7-69 | .368 | .370 | .372 | .374 | .376 | .379 | .382 | .385 | .388 | .391 | .394 |
| Other contracts | .344 | .346 | .348 | .350 | .352 | .355 | .358 | .361 | .364 | .367 | .370 |
| Minimum Rate gas [2]: All producers | .203 | .204 | .205 | .206 | .207 | .208 | .209 | .210 | .212 | .214 | .216 |

[1] The price for interstate rollover gas is the higher of the price listed in this table or the just and reasonable price under the expired contract as adjusted for inflation. (See § 271.402(c)(3)).

[2] Prices for minimum rate gas are expressed in terms of dollars per Mcf, rather than MMBtu.

### TABLE II—NATURAL GAS CEILING PRICES: NGPA SECTIONS 104 AND 106(a) (SUBPART D, PART 271)—Continued

| Category of natural gas and type of sale or contract | Maximum lawful price per MMBtu for deliveries made in Nov. 1979 | Dec. 1979 | Jan. 1980 | Feb. 1980 | Mar. 1980 | Apr. 1980 | May 1980 | June 1980 | July 1980 | Aug. 1980 |
|---|---|---|---|---|---|---|---|---|---|---|
| Post-1974 gas: All producers | $1.762 | $1.774 | $1.786 | $1.799 | $1.812 | $1.825 | $1.839 | $1.853 | $1.867 | $1.883 |
| 1973–74 Biennium gas: | | | | | | | | | | |
| Small producer | 1.490 | 1.500 | 1.510 | 1.521 | 1.532 | 1.543 | 1.555 | 1.567 | 1.579 | 1.592 |
| Large producer | 1.144 | 1.152 | 1.160 | 1.168 | 1.176 | 1.184 | 1.193 | 1.202 | 1.211 | 1.221 |
| Interstate Rollover gas [1]: | | | | | | | | | | |
| Small producer | .715 | .715 | .728 | .728 | .728 | .728 | .728 | .728 | .728 | .728 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Large producer | .650 | .654 | .659 | .664 | .669 | .674 | .679 | .684 | .689 | .695 |
| Replacement contract gas or recompletion gas: | | | | | | | | | | |
| Small producer | .835 | .841 | .847 | .853 | .859 | .865 | .872 | .879 | .886 | .893 |
| Large producer | .639 | .643 | .647 | .652 | .657 | .662 | .667 | .672 | .677 | .683 |
| Flowing gas: | | | | | | | | | | |
| Small producer | .425 | .428 | .431 | .434 | .437 | .440 | .443 | .446 | .449 | .453 |
| Large producer | .357 | .359 | .361 | .364 | .367 | .370 | .373 | .376 | .379 | .382 |
| Certain Permian Basin gas: | | | | | | | | | | |
| Small producer | .498 | .501 | .504 | .508 | .512 | .516 | .520 | .524 | .528 | .532 |
| Large producer | .437 | .440 | .443 | .446 | .449 | .452 | .455 | .459 | .463 | .467 |
| Certain Rocky Mountain gas: | | | | | | | | | | |
| Small producer | .498 | .501 | .504 | .508 | .512 | .516 | .520 | .524 | .528 | .532 |
| Large producer | .425 | .428 | .431 | .434 | .437 | .440 | .443 | .446 | .449 | .453 |
| Certain Appalachian Basin gas: | | | | | | | | | | |
| North subarea contracts dated after 10-7-69 | .397 | .400 | .403 | .406 | .409 | .412 | .415 | .418 | .421 | .425 |
| Other Contracts | .373 | .376 | .379 | .382 | .385 | .388 | .391 | .394 | .397 | .400 |
| Minimum Rate Gas [2]: All producers | .217 | .218 | .220 | .222 | .224 | .226 | .228 | .230 | .232 | .234 |

[1] The price for interstate rollover gas is the higher of the price listed in this table or the just and reasonable price under the expired contract as adjusted for inflation. (See § 271.402(c)(3)).

[2] Prices for minimum rate gas are expressed in terms of dollars per Mcf, rather than MMBtu.

TABLE II—NATURAL GAS CEILING PRICES: NGPA SECTIONS 104 AND 106(a) (Subpart D, Part 271)—Continued

| Category of natural gas and type of sale or contract | Maximum lawful price per MMBtu for deliveries made in | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Sept. 1980 | Oct. 1980 | Nov. 1980 | Dec. 1980 | Jan. 1981 | Feb. 1981 | Mar. 1981 | Apr. 1981 | May 1981 | June 1981 |
| Post-1974 gas: All producers | $1.899 | $1.915 | $1.929 | $1.943 | $1.957 | $1.975 | $1.993 | $2.011 | $2.024 | $2.037 |
| 1973-74 Biennium gas: | | | | | | | | | | |
| Small producer | 1.605 | 1.619 | 1.631 | 1.643 | 1.655 | 1.670 | 1.685 | 1.700 | 1.711 | 1.722 |
| Large producer | 1.231 | 1.241 | 1.250 | 1.259 | 1.268 | 1.279 | 1.291 | 1.303 | 1.311 | 1.319 |
| Interstate Rollover gas [1]: | | | | | | | | | | |
| Small producer | .728 | .728 | .728 | .728 | .741 | .741 | .741 | .743 | .748 | .753 |
| Large producer | .701 | .707 | .712 | .717 | .722 | .729 | .736 | .743 | .748 | .753 |
| Replacement contract gas or recompletion gas: | | | | | | | | | | |
| Small producer | .901 | .909 | .916 | .923 | .930 | .938 | .946 | .955 | .961 | .967 |
| Large producer | .689 | .695 | .700 | .705 | .710 | .716 | .722 | .729 | .734 | .739 |
| Flowing gas: | | | | | | | | | | |
| Small producer | .457 | .461 | .464 | .467 | .470 | .474 | .478 | .482 | .485 | .488 |
| Large producer | .385 | .388 | .391 | .394 | .397 | .401 | .405 | .409 | .412 | .415 |
| Certain Permian Basin gas: | | | | | | | | | | |
| Small producer | .536 | .541 | .545 | .549 | .553 | .558 | .563 | .568 | .572 | .576 |
| Large producer | .471 | .475 | .479 | .483 | .487 | .491 | .495 | .499 | .502 | .505 |
| Certain Rocky Mountain gas: | | | | | | | | | | |
| Small producer | .536 | .541 | .545 | .549 | .553 | .558 | .563 | .568 | .572 | .576 |
| Large producer | .457 | .461 | .464 | .467 | .470 | .474 | .478 | .482 | .485 | .488 |

TABLE II—NATURAL GAS CEILING PRICES: NGPA SECTIONS 104 AND 106(a) (Subpart D, Part 271)—Continued—Continued

| Category of natural gas and type of sale or contract | Maximum lawful price per MMBtu for deliveries made in | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Sept. 1980 | Oct. 1980 | Nov. 1980 | Dec. 1980 | Jan. 1981 | Feb. 1981 | Mar. 1981 | Apr. 1981 | May 1981 | June 1981 |
| Certain Appalachian Basin gas: | | | | | | | | | | |
| North subarea contracts dated after 10/7/69 | .429 | .433 | .436 | .439 | .442 | .446 | .450 | .454 | .457 | .460 |
| Other contracts | .403 | .406 | .409 | .412 | .415 | .419 | .423 | .427 | .430 | .433 |
| Minimum Rate gas [2]: All producers | .236 | .238 | .240 | .242 | .244 | .246 | .248 | .250 | .252 | .254 |

[1] The price for interstate rollover gas is the higher of the price listed in this table or the just and reasonable price under the expired contract as adjusted for inflation. (See § 271.402(c)(3))

[2] Prices for minimum rate gas are expressed in terms of dollars per Mcf, rather than MMBtu.

TABLE II—NATURAL GAS CEILING PRICES: NGPA SECTIONS 104 AND 106(a) (SUBPART D, PART 271)—Continued

| Category of natural gas and type of sale or contract | Maximum lawful price per MMBtu for deliveries made in | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | July 1981 | Aug 1981 | Sept. 1981 | Oct. 1981 | Nov. 1981 | Dec. 1981 | Jan. 1982 | Feb 1982 | Mar. 1982 | Apr. 1982 |
| Post-1974 gas: All producers | $2.050 | $2.060 | $2.070 | $2.080 | $2.096 | $2.112 | $2.128 | $2.143 | $2.156 | $2.173 |
| 1973-74 Biennium gas: | | | | | | | | | | |
| Small producer | 1.733 | 1.742 | 1.751 | 1.760 | 1.773 | 1.787 | 1.801 | 1.813 | 1.826 | 1.839 |
| Large producer | 1.327 | 1.334 | 1.341 | 1.348 | 1.358 | 1.368 | 1.378 | 1.388 | 1.398 | 1.408 |
| Interstate Rollover gas [1]: | | | | | | | | | | |
| Small producer | .758 | .762 | .766 | .770 | .776 | .782 | .788 | .793 | .798 | .804 |
| Large producer | .758 | .762 | .766 | .770 | .776 | .782 | .788 | .793 | .798 | .804 |
| Replacement contract gas or recompletion gas: | | | | | | | | | | |
| Small producer | .973 | .978 | .983 | .988 | .996 | 1.004 | 1.012 | 1.019 | 1.026 | 1.033 |
| Large producer | .744 | .748 | .752 | .756 | .762 | .768 | .774 | .779 | .784 | .789 |
| Flowing gas: | | | | | | | | | | |
| Small producer | .491 | .493 | .495 | .497 | .501 | .505 | .509 | .513 | .517 | .521 |
| Large producer | .418 | .420 | .422 | .424 | .427 | .430 | .433 | .436 | .439 | .442 |
| Certain Permian Basin gas: | | | | | | | | | | |
| Small producer | .580 | .583 | .586 | .589 | .594 | .599 | .604 | .608 | .612 | .616 |
| Large producer | .508 | .511 | .514 | .517 | .521 | .525 | .529 | .533 | .537 | .541 |
| Certain Rocky Mountain gas: | | | | | | | | | | |
| Small producer | .580 | .583 | .586 | .589 | .594 | .599 | .604 | .608 | .612 | .616 |
| Large producer | .491 | .493 | .495 | .497 | .501 | .505 | .509 | .513 | .517 | .521 |
| Certain Appalachian Basin gas: | | | | | | | | | | |
| North subarea contracts dated after 10-7-69 | .463 | .465 | .467 | .469 | .473 | .477 | .481 | .484 | .487 | .490 |
| Other contracts | .436 | .438 | .440 | .442 | .445 | .448 | .451 | .454 | .457 | .460 |
| Minimum Rate gas [2]: All producers | .256 | .257 | .258 | .259 | .261 | .263 | .265 | .267 | .269 | .271 |

[1] The price for interstate rollover gas is the higher of the price listed in this table or the just and reasonable price under the expired contract as adjusted for inflation. (See § 271.402(c)(3))

[2] Prices for minimum rate gas are expressed in terms of dollars per Mcf, rather than MMBtu.

TABLE II—NATURAL GAS CEILING PRICES: NGPA SECTIONS 104 AND 106(a) (Subpart D, Part 271)—Continued

| Category of natural gas and type of sale or contract | Maximum lawful price per MMBtu for deliveries made in | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | May 1982 | June 1982 | July 1982 | Aug 1982 | Sept 1982 | Oct 1982 | Nov 1982 | Dec 1982 | Jan 1983 | Feb 1983 | Mar 1983 | Apr 1983 |
| Post-1974 gas: All producers | $2.180 | $2.187 | $2.194 | $2.204 | $2.214 | $2.224 | $2.234 | $2.244 | $2.254 | $2.262 | $2.270 | $2.278 |
| 1973-1974 biennium gas: | | | | | | | | | | | | |
| Small producer | 1.845 | 1.851 | 1.857 | 1.865 | 1.873 | 1.881 | 1.890 | 1.899 | 1.908 | 1.915 | 1.922 | 1.929 |
| Large producer | 1.412 | 1.416 | 1.420 | 1.426 | 1.432 | 1.438 | 1.445 | 1.452 | 1.459 | 1.464 | 1.469 | 1.474 |
| Interstate Rollover gas: [1] All producers | .807 | .810 | .813 | .817 | .821 | .825 | .829 | .833 | .837 | .840 | .843 | .846 |
| Replacement contract gas or recompletion gas: | | | | | | | | | | | | |
| Small producer | 1.036 | 1.039 | 1.042 | 1.047 | 1.052 | 1.057 | 1.062 | 1.067 | 1.072 | 1.076 | 1.080 | 1.084 |
| Large producer | .791 | .793 | .795 | .799 | .803 | .807 | .811 | .815 | .819 | .822 | .825 | .828 |
| Flowing gas: | | | | | | | | | | | | |
| Small producer | .523 | .525 | .527 | .529 | .531 | .533 | .535 | .537 | .539 | .541 | .543 | .545 |
| Large producer | .443 | .444 | .445 | .447 | .449 | .451 | .453 | .455 | .457 | .459 | .461 | .463 |
| Certain Permian Basin gas: | | | | | | | | | | | | |
| Small producer | .618 | .620 | .622 | .625 | .628 | .631 | .634 | .637 | .640 | .642 | .644 | .646 |
| Large producer | .543 | .545 | .547 | .549 | .551 | .553 | .556 | .559 | .562 | .564 | .566 | .568 |
| Certain Rocky Mountain gas: | | | | | | | | | | | | |
| Small producer | .618 | .620 | .622 | .625 | .628 | .631 | .634 | .637 | .640 | .642 | .644 | .646 |
| Large producer | .523 | .525 | .527 | .529 | .531 | .533 | .535 | .537 | .539 | .541 | .543 | .545 |
| Certain Appalachian Basin gas: | | | | | | | | | | | | |
| North subarea contracts dated after Oct. 7, 1969 | .492 | .494 | .496 | .498 | .500 | .502 | .504 | .506 | .508 | .510 | .512 | .514 |
| Other contracts | .461 | .462 | .463 | .465 | .467 | .469 | .471 | .473 | .475 | .477 | .479 | .481 |
| Minimum Rate gas: [2] All producers | .272 | .273 | .274 | .275 | .276 | .277 | .278 | .279 | .280 | .281 | .282 | .283 |

[1] The price for interstate rollover gas is the higher of the price listed in this table or the just and reasonable price under the expired contract as adjusted for inflation. (See § 271.402(c)(3))

[2] Prices for minimum rate gas are expressed in terms of dollars per Mcf, rather than MMBtu.

TABLE II—NATURAL GAS CEILING PRICES: NGPA SECTIONS 104 AND 106(a) (Subpart D, Part 271)—Continued

| Category of natural gas and type of sale or contract | Maximum lawful price per MMBtu for deliveries made in | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | May 1983 | June 1983 | July 1983 | Aug 1983 | Sept 1983 | Oct 1983 | Nov 1983 | Dec 1983 | Jan 1984 | Feb 1984 | Mar 1984 | Apr 1984 |
| Post-1974 gas: All producers | $2.289 | $2.300 | $2.311 | $2.320 | 2.329 | 2.338 | $2.345 | $2.352 | $2.359 | $2.367 | $2.375 | $2.383 |
| 1973-1974 mBiennium gas: | | | | | | | | | | | | |
| Small producer | 1.938 | 1.947 | 1.956 | 1.963 | 1.971 | 1.979 | 1.985 | 1.991 | 1.997 | 2.004 | 2.011 | 2.018 |
| Large producer | 1.481 | 1.488 | 1.495 | 1.501 | 1.507 | 1.513 | 1.517 | 1.521 | 1.525 | 1.530 | 1.535 | 1.540 |
| Interstate Rollover gas: All producers | .850 | .854 | .858 | .861 | .864 | .867 | .870 | .873 | .876 | .879 | .882 | .885 |

TABLE II—NATURAL GAS CEILING PRICES: NGPA SECTIONS 104 AND 106(a) (Subpart D, Part 271)—Continued—Continued

| Category of natural gas and type of sale or contract | Maximum lawful price per MMBtu for deliveries made in | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | May 1983 | June 1983 | July 1983 | Aug 1983 | Sept 1983 | Oct 1983 | Nov 1983 | Dec 1983 | Jan 1984 | Feb 1984 | Mar. 1984 | Apr. 1984 |
| Replacement contract gas or completion gas: | | | | | | | | | | | | |
| Small producer | 1.089 | 1.094 | 1.099 | 1.103 | 1.107 | 1.111 | 1.114 | 1.117 | 1.120 | 1.124 | 1.128 | 1.132 |
| Large producer | .832 | .836 | .840 | .843 | .846 | .849 | .852 | .855 | .858 | .861 | .864 | .867 |
| Flowing gas: | | | | | | | | | | | | |
| Small producer | .548 | .551 | .554 | .556 | .558 | .560 | .562 | .564 | .566 | .568 | .570 | .572 |
| Large producer | .465 | .467 | .469 | .471 | .473 | .475 | .476 | .477 | .478 | .480 | .482 | .484 |
| Certain Permian Basin gas: | | | | | | | | | | | | |
| Small producer | .649 | .652 | .655 | .658 | .661 | .664 | .666 | .668 | .670 | .672 | .674 | .675 |
| Large producer | .571 | .574 | .577 | .579 | .581 | .583 | .585 | .587 | .589 | .591 | .593 | .595 |
| Certain Rocky Mountain gas: | | | | | | | | | | | | |
| Small producer | .649 | .652 | .655 | .658 | .661 | .664 | .666 | .668 | .670 | .672 | .674 | .676 |
| Large producer | .548 | .551 | .554 | .556 | .558 | .560 | .562 | .564 | .566 | .568 | .570 | .572 |
| Certain Appalachian Basin gas: | | | | | | | | | | | | |
| North subarea contracts dated after 10-7-69 | .517 | .520 | .523 | .525 | .527 | .629 | .531 | .533 | .535 | .537 | .539 | .541 |
| Other contracts | .483 | .485 | .487 | .489 | .491 | .493 | .494 | .495 | .496 | .498 | .500 | .502 |
| Minimum rate gas [1] | .284 | .285 | .286 | .287 | .288 | .289 | .290 | .291 | .292 | .293 | .294 | .295 |

[1] Prices for minimum rate gas are expressed in terms of dollars per Mcf, rather than MMBtu.

TABLE II—NATURAL GAS CEILING PRICES: NGPA SECTIONS 104 AND 106(a) (Subpart D, Part 271)—Continued

| Category of natural gas and type of sale or contract | Maximum lawful price per MMBtu for deliveries made in | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | May 1984 | June 1984 | July 1984 | Aug. 1984 | Sept. 1984 | Oct. 1984 | Nov. 1984 | Dec. 1984 | Jan. 1985 | Feb. 1985 | Mar. 1985 | Apr. 1985 |
| Post-1974 gas: | | | | | | | | | | | | |
| All producers | $2.391 | $2.399 | $2.407 | $2.414 | $2.421 | $2.429 | $2.436 | $2.444 | $2.452 | $2.457 | $2.462 | $2.467 |
| 1973-74 biennium gas: | | | | | | | | | | | | |
| Small producer | 2.025 | 2.032 | 2.039 | 2.045 | 2.051 | 2.057 | 2.063 | 2.069 | 2.075 | 2.079 | 2.083 | 2.087 |
| Large producer | 1.545 | 1.550 | 1.555 | 1.559 | 1.563 | 1.567 | 1.572 | 1.577 | 1.582 | 1.585 | 1.588 | 1.591 |
| Interstate rollover gas: | | | | | | | | | | | | |
| All producers | .888 | .891 | .894 | .896 | .898 | .901 | .904 | .907 | .910 | .912 | .914 | .916 |
| Replacement contract gas or recompletion gas: | | | | | | | | | | | | |
| Small producer | 1.136 | 1.140 | 1.144 | 1.147 | 1.150 | 1.153 | 1.157 | 1.161 | 1.165 | 1.167 | 1.169 | 1.172 |
| Large producer | .870 | .873 | .876 | .878 | .880 | .882 | .885 | .888 | .891 | .893 | .895 | .897 |
| Flowing gas: | | | | | | | | | | | | |
| Small producer | .574 | .576 | .578 | .580 | .582 | .584 | .586 | .588 | .590 | .591 | .592 | .593 |
| Large producer | .486 | .488 | .490 | .491 | .492 | .493 | .495 | .497 | .499 | .500 | .501 | .502 |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Certain Permian Basin gas: | | | | | | | | | | | | |
| Small producer | .678 | .680 | .682 | .684 | .686 | .688 | .690 | .692 | .694 | .695 | .696 | .697 |
| Large producer | .597 | .599 | .601 | .603 | .605 | .607 | .609 | .611 | .613 | .614 | .615 | .616 |
| Certain Rocky Mountain gas: | | | | | | | | | | | | |
| Small producer | .678 | .680 | .682 | .684 | .686 | .688 | .690 | .692 | .694 | .695 | .696 | .697 |
| Large producer | .574 | .576 | .578 | .580 | .582 | .584 | .586 | .588 | .590 | .591 | .592 | .593 |
| Certain Appalachian Basin gas: | | | | | | | | | | | | |
| North subarea contracts dated after 10-7-69 | .543 | .545 | .547 | .549 | .551 | .553 | .555 | .557 | .559 | .560 | .561 | .562 |
| Other contracts | .504 | .506 | .508 | .509 | .510 | .511 | .513 | .515 | .517 | .518 | .519 | .520 |
| Minimum rate gas:[1] | | | | | | | | | | | | |
| All producers | .296 | .297 | .298 | .299 | .300 | .301 | .302 | .303 | .304 | .305 | .306 | .307 |

[1] Prices for minimum rate gas are expressed in terms of dollars per Mcf, rather than MMBtu.

### TABLE II—NATURAL GAS CEILING PRICES: NGPA SECTIONS 104 AND 106(a) (SUBPART D, PART 271)—Continued

| Category of natural gas and type of sale or contract | Maximum lawful price per MMBtu for deliveries made in | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | May 1985 | June 1985 | July 1985 | Aug. 1985 | Sept. 1985 | Oct. 1985 | Nov. 1985 | Dec. 1985 | Jan. 1986 | Feb. 1986 | Mar. 1986 | Apr. 1986 |
| Post-1974 gas: All producers | $2.478 | $2.489 | $2.500 | $2.506 | $2.512 | $2.518 | $2.525 | $2.532 | $2.539 | $2.546 | $2.553 | $2.560 |
| 1973–74 biennium gas: | | | | | | | | | | | | |
| Small producer | 2.096 | 2.105 | 2.114 | 2.119 | 2.124 | 2.129 | 2.135 | 2.141 | 2.147 | 2.153 | 2.159 | 2.165 |
| Large producer | 1.598 | 1.605 | 1.612 | 1.616 | 1.620 | 1.624 | 1.629 | 1.634 | 1.639 | 1.644 | 1.649 | 1.654 |
| Interstate Rollover gas: | | | | | | | | | | | | |
| All producers | .920 | .924 | .928 | .930 | .932 | .934 | .937 | .940 | .943 | .946 | .949 | .952 |
| Replacement contract gas or recompletion gas: | | | | | | | | | | | | |
| Small producer | 1.177 | 1.182 | 1.187 | 1.190 | 1.193 | 1.196 | 1.199 | 1.202 | 1.205 | 1.208 | 1.211 | 1.214 |
| Large producer | .901 | .905 | .909 | .911 | .913 | .915 | .918 | .921 | .924 | .927 | .930 | .933 |
| Flowing gas: | | | | | | | | | | | | |
| Small producer | .596 | .599 | .602 | .603 | .604 | .605 | .607 | .609 | .611 | .613 | .615 | .617 |
| Large producer | .504 | .506 | .508 | .509 | .510 | .511 | .512 | .513 | .514 | .515 | .516 | .517 |
| Certain Permian Basin gas: | | | | | | | | | | | | |
| Small producer | .700 | .703 | .706 | .708 | .710 | .712 | .714 | .716 | .718 | .720 | .722 | .724 |
| Large producer | .619 | .622 | .625 | .627 | .629 | .631 | .633 | .635 | .637 | .639 | .641 | .643 |
| Certain Rocky Mountain gas: | | | | | | | | | | | | |
| Small producer | .700 | .703 | .706 | .708 | .710 | .712 | .714 | .716 | .718 | .720 | .722 | .724 |
| Large producer | .596 | .599 | .602 | .603 | .604 | .605 | .607 | .609 | .611 | .613 | .615 | .617 |
| Certain Appalachian Basin gas: | | | | | | | | | | | | |
| North subarea contracts dated after 10-7-69 | .565 | .568 | .571 | .572 | .573 | .574 | .576 | .578 | .580 | .582 | .584 | .586 |
| Other contracts | .522 | .524 | .526 | .527 | .528 | .529 | .531 | .533 | .535 | .537 | .539 | .541 |
| Minimum rate gas[1]: All producers | .308 | .309 | .310 | .311 | .312 | .313 | .314 | .315 | .316 | .317 | .318 | .319 |

[1] Prices for minimum rate gas are expressed in terms of dollars per Mcf, rather than MMBtu.

TABLE II—NATURAL GAS CEILING PRICES: NGPA SECTIONS 104 AND 106(a) (Subpart D, Part 271)—Continued

| Category of natural gas and type of sale or contract | Maximum lawful price per MMBtu for deliveries made in | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | May 1986 | June 1986 | July 1986 | Aug 1986 | Sept 1986 | Oct 1986 | Nov 1986 | Dec 1986 | Jan 1987 | Feb 1987 | Mar 1987 | Apr 1987 |
| Post-1974 gas [2]: All producers | $2.566 | $2.572 | $2.578 | $2.583 | $2.588 | $2.593 | $2.601 | $2.609 | $2.617 | $2.620 | $2.623 | $2.626 |
| 1973-1974 Biennium gas: | | | | | | | | | | | | |
| Small producer | 2.170 | 2.175 | 2.180 | 2.184 | 2.188 | 2.192 | 2.199 | 2.206 | 2.213 | 2.215 | 2.217 | 2.219 |
| Large producer | 1.658 | 1.662 | 1.666 | 1.669 | 1.672 | 1.675 | 1.680 | 1.685 | 1.690 | 1.692 | 1.694 | 1.696 |
| Interstate Rollover gas: | | | | | | | | | | | | |
| All producers | .954 | .956 | .958 | .960 | .962 | .964 | .967 | .970 | .973 | .974 | .975 | .976 |
| Replacement contract gas or recompletion gas: | | | | | | | | | | | | |
| Small producer | 1.217 | 1.220 | 1.223 | 1.225 | 1.227 | 1.229 | 1.233 | 1.237 | 1.241 | 1.242 | 1.243 | 1.244 |
| Large producer | .035 | .937 | .939 | .941 | .943 | .945 | .948 | .951 | .954 | .955 | .956 | .957 |
| Flowing gas: | | | | | | | | | | | | |
| Small producer | .681 | .619 | .620 | .621 | .622 | .623 | .625 | .627 | .629 | .630 | .631 | .632 |
| Large producer | .518 | .519 | .520 | .521 | .522 | .523 | .525 | .527 | .529 | .530 | .531 | .532 |
| Certain Permian Basin gas: | | | | | | | | | | | | |
| Small producer | .726 | .728 | .730 | .731 | .732 | .733 | .735 | .737 | .739 | .740 | .741 | .742 |
| Large producer | .644 | .645 | .646 | .647 | .648 | .649 | .651 | .653 | .655 | .656 | .657 | .658 |
| Certain Rocky Mountain gas: | | | | | | | | | | | | |
| Small producer | .726 | .728 | .730 | .731 | .732 | .733 | .735 | .737 | .739 | .740 | .741 | .742 |
| Large producer | .618 | .619 | .620 | .621 | .622 | .623 | .625 | .627 | .629 | .630 | .631 | .632 |
| Certain Appalachian Basin gas: | | | | | | | | | | | | |
| North subarea contracts dated after 10-7-69 | .587 | .588 | .589 | .590 | .591 | .592 | .594 | .596 | .598 | .599 | .600 | .601 |
| Other contracts | .542 | .543 | .544 | .545 | .546 | .547 | .549 | .551 | .553 | .554 | .555 | .556 |
| Minimum rate gas [1]: All producers | .320 | .321 | .322 | .323 | .324 | .325 | .326 | .327 | .328 | .328 | .328 | .328 |

[1] Prices for minimum rate gas are expressed in terms of dollars per Mcf, rather than MMBtu.

[2] This price may also be applicable to other categories of gas. (See § 271.402, 271.602.)

TABLE II—NATURAL GAS CEILING PRICES: NGPA SECTIONS 104 AND 106(a) (Subpart D, Part 271)—Continued

| Category of natural gas and type of sale or contract | Maximum lawful price per MMBtu for deliveries made in | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | May 1987 | June 1987 | July 1987 | Aug 1987 | Sept 1987 | Oct 1987 | Nov 1987 | Dec 1987 | Jan 1988 | Feb 1988 | Mar 1988 | Apr 1988 |
| Post-1974 gas [2]: All producers | $2.634 | $2.642 | $2.650 | $2.659 | $2.668 | $2.677 | $2.683 | $2.689 | $2.695 | $2.701 | $2.707 | $2.713 |
| 1973-1974 Biennium gas: | | | | | | | | | | | | |
| Small producer | 2.226 | 2.233 | 2.240 | 2.247 | 2.254 | 2.261 | 2.266 | 2.271 | 2.276 | 2.281 | 2.286 | 2.291 |
| Large producer | 1.701 | 1.706 | 1.711 | 1.717 | 1.723 | 1.729 | 1.733 | 1.737 | 1.741 | 1.745 | 1.749 | 1.753 |
| Interstate Rollover gas: All producers | .979 | .982 | .985 | .988 | .991 | .994 | .996 | .998 | 1.000 | 1.002 | 1.004 | 1.006 |
| Replacement contract gas or recompletion gas: | | | | | | | | | | | | |
| Small producer | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Large producer | .960 | .963 | .966 | .969 | .972 | .975 | .977 | .979 | .981 | .983 | .985 | .987 |
| Flowing gas: | | | | | | | | | | | | |
| Small producer | .634 | .636 | .638 | .640 | .642 | .644 | .645 | .646 | .647 | .649 | .651 | .653 |
| Large producer | .534 | .536 | .538 | .540 | .542 | .544 | .545 | .546 | .547 | .548 | .549 | .550 |
| Certain Permian Basin gas: | | | | | | | | | | | | |
| Small producer | .744 | .746 | .748 | .750 | .752 | .754 | .756 | .758 | .760 | .762 | .764 | .766 |
| Large producer | .660 | .662 | .664 | .666 | .668 | .670 | .671 | .672 | .673 | .675 | .677 | .679 |
| Certain Rocky Mountain gas: | | | | | | | | | | | | |
| Small producer | .744 | .746 | .748 | .750 | .752 | .754 | .756 | .758 | .760 | .762 | .764 | .766 |
| Large producer | .634 | .636 | .638 | .640 | .642 | .644 | .645 | .646 | .647 | .649 | .651 | .653 |
| Certain Appalachian Basin gas: | | | | | | | | | | | | |
| North subarea contracts dated after 10-7-69 | .603 | .605 | .607 | .609 | .611 | .613 | .614 | .615 | .616 | .617 | .618 | .619 |
| Other contracts | .558 | .560 | .562 | .564 | .566 | .568 | .569 | .570 | .571 | .572 | .573 | .574 |
| Minimum rate gas[1]: All producers | .329 | .330 | .331 | .332 | .333 | .334 | .335 | .336 | .337 | .338 | .339 | .340 |

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[1] Prices for minimum rate gas are expressed in terms of dollars per Mcf, rather than MMBtu.
[2] This price may also be applicable to other categories of gas. (See §§ 271.402, 271.602)

### TABLE II—NATURAL GAS CEILING PRICES: NGPA SECTIONS 104 AND 106(a) (Subpart D, Part 271)—Continued

| Category of natural gas and type of sale or contract | Maximum lawful price per MMBtu for deliveries made in | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | May 1988 | June 1988 | July 1988 | Aug. 1988 | Sept. 1988 | Oct. 1988 | Nov. 1988 | Dec. 1988 | Jan. 1989 | Feb. 1989 | Mar. 1989 | Apr. 1989 |
| Post-1974 gas: All producers[2] | $2.719 | $2.725 | $2.731 | $2.741 | $2.751 | $2.761 | $2.771 | $2.781 | $2.791 | $2.802 | $2.813 | $2.824 |
| 1973-1974 Biennium gas: | | | | | | | | | | | | |
| Small producer | 2.296 | 2.301 | 2.306 | 2.314 | 2.322 | 2.330 | 2.339 | 2.348 | 2.357 | 2.366 | 2.375 | 2.384 |
| Large producer | 1.757 | 1.761 | 1.765 | 1.771 | 1.777 | 1.783 | 1.790 | 1.797 | 1.804 | 1.811 | 1.818 | 1.825 |
| Interstate Rollover gas: All producers | 1.008 | 1.010 | 1.012 | 1.016 | 1.020 | 1.024 | 1.028 | 1.032 | 1.036 | 1.040 | 1.044 | 1.048 |
| Replacement contract gas or recompletion gas: | | | | | | | | | | | | |
| Small producer | 1.289 | 1.292 | 1.295 | 1.300 | 1.305 | 1.310 | 1.315 | 1.320 | 1.325 | 1.330 | 1.335 | 1.340 |
| Large producer | .989 | .991 | .993 | 0.996 | 0.999 | 1.003 | 1.007 | 1.011 | 1.015 | 1.019 | 1.023 | 1.027 |
| Flowing gas: | | | | | | | | | | | | |
| Small producer | .654 | .655 | .656 | 0.658 | 0.660 | 0.662 | 0.664 | 0.666 | 0.668 | 0.671 | 0.674 | 0.677 |
| Large producer | .551 | .552 | .553 | 0.555 | 0.557 | 0.559 | 0.561 | 0.563 | 0.565 | 0.567 | 0.569 | 0.571 |
| Certain Permian Basin gas: | | | | | | | | | | | | |
| Small producer | .768 | .770 | .772 | 0.775 | 0.778 | 0.781 | 0.784 | 0.787 | 0.790 | 0.793 | 0.796 | 0.799 |
| Large producer | .680 | .681 | .682 | 0.684 | 0.686 | 0.688 | 0.691 | 0.694 | 0.697 | 0.700 | 0.703 | 0.706 |

TABLE II—NATURAL GAS CEILING PRICES: NGPA SECTIONS 104 AND 106(a) (Subpart D, Part 271)—Continued

| Category of natural gas and type of sale or contract | Maximum lawful price per MMBtu for deliveries made in | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | May 1988 | June 1988 | July 1988 | Aug 1988 | Sept 1988 | Oct 1988 | Nov 1988 | Dec 1988 | Jan 1989 | Feb 1989 | Mar 1989 | Apr 1989 |
| Certain Rocky Mountain gas: | | | | | | | | | | | | |
| Small producer | .768 | .770 | .772 | 0.775 | 0.778 | 0.781 | 0.784 | 0.787 | 0.790 | 0.793 | 0.796 | 0.799 |
| Large producer | .654 | .655 | .656 | 0.658 | 0.660 | 0.662 | 0.664 | 0.666 | 0.668 | 0.671 | 0.674 | 0.677 |
| Certain Appalachian Basin gas: | | | | | | | | | | | | |
| North subarea contracts dated after 10-7-69 | .620 | .621 | .622 | 0.624 | 0.626 | 0.628 | 0.630 | 0.632 | 0.634 | 0.637 | 0.640 | 0.643 |
| Other contracts | .575 | .576 | .577 | 0.579 | 0.581 | 0.583 | 0.585 | 0.587 | 0.589 | 0.591 | 0.593 | 0.595 |
| Minimum rate gas [1]: All producers | .341 | .342 | .343 | 0.344 | 0.345 | 0.346 | 0.347 | 0.348 | 0.349 | 0.350 | 0.351 | 0.352 |

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[1] Prices for minimum rate gas are expressed in terms of dollars per Mcf, rather than MMBtu.

[2] This price may also be applicable to other categories of gas (see §§ 271.402 and 271.602).

(b) *Caveat.* The tables in paragraph (a) of this section are summaries of applicable maximum lawful prices and may not be relied upon to establish qualification for a particular price. The seller should examine the other provisions of this subchapter in order to ascertain whether the natural gas in question qualifies for the price appearing in the table or some other price.

(c) *Cross reference.* For maximum lawful prices applicable to natural gas sold under existing intrastate contracts or intrastate rollover contracts, see Part 271, Subparts E and F.

(Natural Gas Act, as amended, (15 U.S.C. 717 *et seq.*), Natural Gas Policy Act of 1978, Pub. L. 95-621, 92 Stat. 3350, Energy Supply and Environmental Coordination Act, (15 U.S.C. 791, *et seq.*), Federal Energy Administration Act, (15 U.S.C. 761, *et seq.*), Department of Energy Organization Act, (42 U.S.C. 7107 et seq.), Pub. L. 95-91, E.O. 12009, 42 FR 46267))

[43 FR 56551, Dec. 1, 1978]

EDITORIAL NOTE: For FEDERAL REGISTER citations affecting § 271.101, see the List of CFR Sections Affected in the Finding Aids section of this volume.

### § 271.102 Calculation of inflation adjustment for certain maximum lawful prices.

(a) Maximum lawful prices for first sales of certain categories of natural gas to which Subparts D, E, and F apply are to be calculated in the following manner:

(1) Determine the base price applicable for the base month.

(2) For the month following the base month, multiply the inflation adjustment applicable for such following month by the base price.

(3) For each succeeding month (through the month of delivery), multiply the inflation adjustment applicable for such succeeding month by the price calculated under this paragraph for the prior month.

(b) The price determined for each month under paragraph (a) shall be rounded to the nearest mill (rounding to the next highest mill only that fraction which is one-half a mill or greater).

(c) *Inflation adjustment.* The inflation adjustment applicable to each month, beginning with May 1977, and ending with the last month of the present quarter, is specified in the following table:

TABLE III—INFLATION ADJUSTMENT

| Month of delivery | Factor by which price in preceding month is multiplied |
|---|---|
| 1977: | |
| May | 1.00636 |
| June | 1.00636 |
| July | 1.00431 |
| August | 1.00431 |
| September | 1.00431 |
| October | 1.00463 |
| November | 1.00463 |
| December | 1.00463 |
| 1978: | |
| January | 1.00597 |
| February | 1.00597 |
| March | 1.00597 |
| April | 1.00889 |
| May | 1.00889 |
| June | 1.00889 |
| July | 1.00581 |
| August | 1.00581 |
| September | 1.00581 |
| October | 1.00581 |
| November | 1.00581 |
| December | 1.00581 |
| 1979: | |
| January | 1.00581 |
| February | 1.00667 |
| March | 1.00667 |
| April | 1.00667 |
| May | 1.00713 |
| June | 1.00713 |
| July | 1.00713 |
| August | 1.00805 |
| September | 1.00805 |
| October | 1.00805 |
| November | 1.00690 |
| December | 1.00690 |
| 1980: | |
| January | 1.00690 |
| February | 1.00713 |
| March | 1.00713 |
| April | 1.00713 |
| May | 1.00774 |
| June | 1.00774 |
| July | 1.00774 |
| August | 1.00843 |
| September | 1.00843 |
| October | 1.00843 |
| November | 1.00744 |
| December | 1.00744 |
| 1981: | |
| January | 1.00744 |
| February | 1.00904 |
| March | 1.00904 |
| April | 1.00904 |
| May | 1.00643 |
| June | 1.00643 |
| July | 1.00643 |
| August | 1.00503 |
| September | 1.00503 |
| October | 1.00503 |
| November | 1.00767 |
| December | 1.00767 |

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TABLE III—INFLATION ADJUSTMENT—Continued

| Month of delivery | Factor by which price in preceding month is multiplied |
|---|---|
| 1982: | |
| January | 1.00767 |
| February | 1.00690 |
| March | 1.00690 |
| April | 1.00690 |
| May | 1.00311 |
| June | 1.00311 |
| July | 1.00311 |
| August | 1.00447 |
| September | 1.00447 |
| October | 1.00447 |
| November | 1.00455 |
| December | 1.00455 |
| 1983: | |
| January | 1.00455 |
| February | 1.00367 |
| March | 1.00367 |
| April | 1.00367 |
| May | 1.00487 |
| June | 1.00487 |
| July | 1.00487 |
| August | 1.00383 |
| September | 1.00383 |
| October | 1.00383 |
| November | 1.00295 |
| December | 1.00295 |
| 1984: | |
| January | 1.00335 |
| February | 1.00335 |
| March | 1.00335 |
| April | 1.00335 |
| May | 1.00351 |
| June | 1.00351 |
| July | 1.00351 |
| August | 1.00279 |
| September | 1.00279 |
| October | 1.00279 |
| November | 1.00311 |
| December | 1.00311 |
| 1985: | |
| January | 1.00311 |
| February | 1.00214 |
| March | 1.00214 |
| April | 1.00214 |
| May | 1.00447 |
| June | 1.00447 |
| July | 1.00447 |
| August | 1.00247 |
| September | 1.00247 |
| October | 1.00247 |
| November | 1.00287 |
| December | 1.00287 |
| 1986: | |
| January | 1.00287 |
| February | 1.00287 |
| March | 1.00287 |
| April | 1.00287 |
| May | 1.00222 |
| June | 1.00222 |
| July | 1.00222 |
| August | 1.00190 |
| September | 1.00190 |
| October | 1.00190 |
| November | 1.00311 |
| December | 1.00311 |
| 1987: | |
| January | 1.00311 |
| February | [illegible] |
| March | [illegible] |
| April | [illegible] |
| May | [illegible] |
| June | [illegible] |
| July | [illegible] |
| August | [illegible] |
| September | [illegible] |
| October | [illegible] |
| November | [illegible] |
| December | [illegible] |
| 1988: | |
| January | [illegible] |
| February | [illegible] |
| March | [illegible] |
| April | [illegible] |
| May | [illegible] |
| June | [illegible] |
| July | [illegible] |
| August | [illegible] |
| September | [illegible] |
| October | [illegible] |
| November | [illegible] |
| December | [illegible] |
| 1989: | |
| January | [illegible] |
| February | [illegible] |
| March | [illegible] |
| April | [illegible] |

[1] By which price in preceding month is multiplied.

(d) *Definitions.* For purposes of th section:

(1) "Base price" means:

(i) For maximum lawful prices to b calculated under § 271.402(c)(1) (rela ing to certain committed or dedica gas), the just and reasonable rate f April 20, 1977;

(ii) For maximum lawful prices to b calculated under § 271.502(b)(2) (rela ing to certain existing intrastate co tracts), the contract price per MMB on November 9, 1978; and

(iii) For maximum lawful prices t be calculated under § 271.602(a)(1) (r lating to certain rollover contract the contract price per MMBtu und the expired contract for the month which the effective date of the ro over contract occurs.

(2) "Base month" means:

(i) April 1977, for maximum law prices under § 271.402(c)(1);

(ii) November 1978, for maxim lawful prices under § 271.502(b)( and

(iii) The month in which the effective date of the rollover contract occurs, for maximum lawful prices under § 271.602(a)(1).

(Natural Gas Act, as amended, (15 U.S.C. 717 *et seq.*), Natural Gas Policy Act of 1978, Pub. L. 95-621, 92 Stat. 3350, Energy Supply and Environmental Coordination Act, (15 U.S.C. 791, *et seq.*), Federal Energy Administration Act, (15 U.S.C. 761, *et seq.*), Department of Energy Organization Act, Pub. L. 95-91, 42 U.S.C. 7107 *et seq.*, (E.O. 12009, 42 FR 46267))

[43 FR 56551, Dec. 1, 1978; 43 FR 59482, Dec. 21, 1978]

EDITORIAL NOTE: For FEDERAL REGISTER citations affecting § 271.102, see the List of CFR Sections Affected in the Finding Aids section of this volume.

## Subpart B—New Natural Gas and Certain Natural Gas Produced From the Outer Continental Shelf

AUTHORITY: Natural Gas Act, as amended, 15 U.S.C. 717 *et seq.*; Natural Gas Policy Act of 1978, Pub. L. 95-621, 92 Stat. 3350; Department of Energy Organization Act, 42 U.S.C. 7107 *et seq.*; E.O. 12009, 42 FR 46267.

### § 271.201 Applicability.

This subpart implements section 102 of the NGPA and applies to the first sale of:

(a) New natural gas which is not deregulated natural gas (see § 272.103(a)); or

(b) Natural gas produced from a new OCS reservoir on an old OCS lease.

[Order 42, 44 FR 48183, Aug. 17, 1979, as amended by Order 406, 49 FR 46883, Nov. 29, 1984]

### § 271.202 Maximum lawful price.

The maximum lawful price, per MMBtu, for natural gas to which this subpart applies shall be the price specified for Subpart B of Part 271 in Table I of § 271.101(a).

[44 FR 48664, Aug. 20, 1979]

### § 271.203 Definitions.

For purposes of this subpart:

(a) "New natural gas" means natural gas which a jurisdictional agency has determined, in accordance with Parts 274 and 275 and section 102(c) of the NGPA, to be new natural gas.

(b) "Natural gas from a new OCS reservoir on an old OCS lease" means natural gas which the jurisdictional agency determines, in accordance with Parts 274 and 275 and under section 102(d) (1), (2), (3), (4), and (5) of the NGPA, to be natural gas produced from a reservoir which is on an old OCS lease and which was not discovered before July 27, 1976.

(c) "OCS lease" means a lease of submerged acreage which is entered into with the Secretary of the Interior under the Outer Continental Shelf Lands Act, as amended, (43 U.S.C. 1331, *et seq.*)

(d) "New OCS lease" means an OCS lease entered into by the Secretary of the Interior on or after April 20, 1977.

(e) "Old OCS lease" means an OCS lease other than a new OCS lease.

[44 FR 48183, Aug. 17, 1979]

### § 271.204 Special rules.

(a) *Vertical measurement of 1,000 feet between completion locations.* For the purpose of determining under section 102(c)(1)(B)(ii) of the NGPA the vertical distance between the deepest marker well completion location and the completion location for the new well for which the determination is sought, measurement shall be the true vertical depth measured from the highest perforation point of the deepest marker well completion location to the highest perforation point of the new well completion location. In the case of any well which is an open-hole completion, measurement shall be from the highest elevation point within the well bore of the reservoir being produced.

(b) *Capable of producing in paying quantities.* For purposes of section 102(d)(2)(B) (i) and (ii) of the NGPA, a reservoir is capable of producing in paying quantities if a well completed therein can reasonably be expected to produce natural gas in quantities sufficient to yield revenues in excess of operating costs. For the purposes of this paragraph, operating costs include those out-of-pocket cash expenses necessary to operate and maintain a well.

(c) *Commercially producible.* For purposes of section 102(d)(2)(B)(iii) of the NGPA, a reservoir is commercially producible if a well completed therein can reasonably be expected to produce natural gas in quantities sufficient to yield revenues in excess of operating costs. For the purposes of this paragraph, operating costs include those out-of-pocket cash expenses necessary to operate and maintain as well.

(d) *Suitable facilities.* For purposes of section 102(c)(1)(C)(iii)(II) of the NGPA (but subject to section 102(c)(1)(C)(iv) thereof), suitable facilities for the production and delivery of natural gas described in section 102(c)(1)(C)(iii)(I) of the NCPA were in existence on April 20, 1977, if on that date facilities for the production and delivery of natural gas to a pipeline were:

(1) Installed; or

(2) Substantially installed and additional facilities necessary for such production and delivery were readily available and could have been installed by April 20, 1977.

(e) *Production in commercial quantities.* For purposes of determining whether production of natural gas in commercial quantities has occurred under section 102(c)(1)(C) of the NGPA:

(1) A rebuttable presumption exists that production from a reservoir in commercial quantities has not occurred if natural gas has not been sold and delivered from such reservoir before April 20, 1977. Such presumption may be rebutted by evidence of retention of the natural gas by the operator, or owner of the production at severance, for beneficial economic use; and

(2) Quantities of natural gas sold in interstate commerce (within the meaning of the Natural Gas Act) before November 9, 1978, shall not be taken into account if such sales were made:

(i) Under section 6 of the Emergency Natural Gas Act of 1977; or

(ii) Under the emergency sale authority pursuant to Opinion No. 699-B, issued by the Commission under section 7(c) of the Natural Gas Act.

(f) *Could have been produced in commercial quantities.* For purposes of determining under section 102(c)(1)(C)(ii)(II) of the NGPA, whether natural gas from a reservoir could have been produced in commercial quantities thru an old well which penetrated such reservoir before April 20, 1977:

(1) A rebuttable presumption exists that a reservoir could not have been produced in commercial quantities prior to April 20, 1977, through such old well if:

(i) No sales and deliveries of natural gas were made prior to April 20, 1977, through such well; and,

(ii) No sales and deliveries of natural gas from the subject reservoir were made through such well on or after April 20, 1977, and before November 9, 1978.

(2) If such rebuttable presumption is not met, then the first seller must clearly demonstrate that the sale of the production from such reservoir through such old well at the market price reasonably available as of April 20, 1977, could not reasonably have generated revenues (net of royalty) equal to or greater than the sum of (i) 1.6 times the minimum incremental costs (properly allocable to such production) of installing cost-efficient facilities (not in existence as of April 20, 1977) reasonably required to market such production, plus (ii) the minimum incremental expenses (properly allocable to such production) reasonably required to operate such facilities. All costs, expenses, and revenues shall be determined as of April 20, 1977.

[Order 42, 44 FR 48183, Aug. 17, 1979, as amended by Order 42-A, 44 FR 69647, Dec. 4, 1979]

## Subpart C—New, Onshore Production Wells

AUTHORITY: Natural Gas Act, as amended, 15 U.S.C. 717 *et seq.*; Department of Energy Organization Act, 42 U.S.C. 7107 *et seq.*; E.O. 12009, 42 FR 46267, Natural Gas Policy Act of 1978, Pub. L. 95-621, 92 Stat. 3350.

### § 271.301 Applicability.

This subpart implements section 103 of the NGPA and applies to the first sale of natural gas produced from a new, onshore production well, if such gas is not deregulated natural gas (see § 272.103(a)).

[Order 406, 49 FR 46883, Nov. 29, 1984]

### § 271.302 Maximum lawful price.

The maximum lawful price, per MMBtu, for natural gas to which this subpart applies shall be the price specified for Subpart C of Part 271 in Table I of § 271.101(a).

[44 FR 49655, Aug. 24, 1979]

### § 271.303 Definition of new, onshore production well.

(a) For purposes of this subpart, the term "new, onshore production well" means a well which a jurisdictional agency has determined, in accordance with Parts 274 and 275, to be a new, onshore production well (as defined in section 103(c) of the NGPA).

(b) A determination that gas is produced from a well that qualifies as a "new, onshore production well" applies to:

(1) Any natural gas produced from any completion location for which the applicable state or Federal agency grants a well completion permit, provided the completion location is the first completion location in the proration unit and the surface drilling of the well began on or after February 19, 1977; or

(2) Any natural gas for which a finding has been made under § 271.305 of this subpart.

(Approved by the Office of Management and Budget under control number 1902-0112.)

[Order 336, 48 FR 44517, Sept. 29, 1983, as amended at 48 FR 54947, Dec. 7, 1983]

### § 271.304 Waivers of well-spacing requirements.

If a jurisdictional agency alters or grants a waiver of any applicable well-spacing requirements, the new well for which a determination is sought shall be deemed to satisfy any applicable Federal or State well-spacing requirements as required by section 103(c)(2) of the NGPA.

[44 FR 67111, Nov. 23, 1979]

### § 271.305 Special rule applicable to existing proration units.

(a) *Applicability.* (1) This section applies only to a jurisdictional agency determination with respect to a new well which is within a State law proration unit:

(i) Which was in existence at the time the surface drilling of such well began;

(ii) Which was applicable to the reservoir from which natural gas from such well is produced; and

(iii) Which applied to a well:

(A) Which produced natural gas in commercial quantities; or

(B) The surface drilling of which was begun before February 19, 1977, and which was thereafter capable of producing natural gas in commercial quantities.

(2) For purposes of this paragraph, State law proration unit means a proration unit, drilling unit or similar unit expressly designated in accordance with State law or Federal law (other than the NGPA).

(b) *Wells spudded on or after February 19, 1977.* (1) In order for natural gas from a well to which this section applies to qualify for the maximum lawful price under this subpart, the jurisdictional agency must explicitly find that the well is necessary to effectively and efficiently drain a portion of the reservoir covered by the proration unit which cannot be effectively and efficiently drained by any existing well within the proration unit. This explicit finding must be based on appropriate geological and engineering data and such data must be included in the notice of determination submitted to the Commission.

(2) [Reserved]

(c) *Notice of finding.* If the jurisdictional agency makes a finding under paragraph (b)(1) of this section, it shall notify the Commission of such a determination in accordance with § 274.104.

(d) *Rebuttable presumption for certain wells drilled on existing proration units.* For the purposes of section 103(c)(3)(C) of the NGPA and paragraph (a)(1)(iii) of this section, if a well has been plugged and abandoned prior to January 1, 1970 and has not produced natural gas on or after that date, a rebuttable presumption is created that the well has not produced and is not capable of producing natural gas in commercial quantities.

[44 FR 67112, Nov. 23, 1979]

## Subpart D—Natural Gas Committed or Dedicated to Interstate Commerce

AUTHORITY: Natural Gas Act, 15 U.S.C. 717-717w (1982); Department of Energy Organization Act, 42 U.S.C. 7101-7352 (1982); E.O. 12009, 3 CFR 142 (1978); Natural Gas Policy Act of 1978, 15 U.S.C. 3301-3432 (1982).

### § 271.401 Applicability.

This subpart implements sections 104 and 106(a) of the NGPA and applies to the first sale of natural gas committed or dedicated to interstate commerce on November 8, 1978, and for which a just and reasonable rate under the Natural Gas Act was in effect on November 8, 1978, for the sale of such gas.

[45 FR 1871, Jan. 9, 1980]

### § 271.402 Maximum lawful prices.

(a) *Ceiling prices.* Unless a different rate is applicable under paragraph (c) of this section, the maximum lawful price for a category of natural gas to which this subpart applies shall be the price specified in Table II of § 271.101(a) for such category of gas.

(b) *Definitions.* For the purposes of this section:

(1) "Post-1974 gas" means natural gas to which this subpart applies which is produced from a well the surface drilling of which commenced on or after January 1, 1975.

(2) "1973-1974 biennium gas" means natural gas, to which this subpart applies, from a well the surface drilling of which commenced on or after January 1, 1973, and prior to January 1, 1975.

(3) "Interstate rollover gas" means:

(i) Natural gas to which this subpart applies which is sold under a rollover contract as defined in section 2(12) of the NGPA; or

(ii) Natural gas to which this subpart applies which is sold under a contract which would have been a rollover contract, but for the fact that the expiration of the previous contract occurred prior to November 9, 1978.

(4) "Replacement contract gas or recompletion gas" means natural gas to which this subpart applies which is:

(i) Sold under a replacement contract which was executed on or after January 1, 1973, but prior to November 9, 1978, where the prior contract expired by its own terms prior to January 1, 1973; or

(ii) Sold under a replacement contract executed prior to November 9, 1978, where the prior contract expired by its own terms after January 1, 1973; or

(iii) Sold under a contract for the sale of natural gas from well commenced prior to January 1, 1973, and not sold in interstate commerce prior to January 1, 1973, (excluding gas sold prior to such date under §§ 2.68, 2.70, 157.22 or 157.29 of this chapter); or

(iv) Produced as a result of a completion operation into a different formerly nonproductive reservoir, commenced on or after January 1, 1973, and produced through a well commenced prior to January 1, 1973.

(5) "Certain Permian Basin gas" means natural gas (other than replacement contract gas or recompletion gas) to which this subpart applies and which is produced in the Permian Basin Area, as defined in FPC Opinion No. 662 (50 F.P.C. 390 at 400-401) and is sold pursuant to a contract executed on or after October 1, 1968.

(6) "Certain Rocky Mountain gas" means natural gas (other than replacement contract gas or recompletion gas) to which this subpart applies and which is produced in the Rocky Mountain Area, as defined in § 154.109(b) of this chapter and sold pursuant to a contract executed on or after October 1, 1968.

(7) "Certain Appalachian Basin gas" means natural gas (other than replacement contract gas or recompletion gas) to which this subpart applies and which is produced by a large producer either (i) in the south sub-area under contracts dated October 7, 1969, or (ii) in the north sub-area, of the Appalachian Basin Area, as defined in § 154.107 of this chapter.

(8) "Flowing gas" means natural gas to which this subpart applies (other than natural gas described in the preceding subparagraphs of this para-

graph) produced from a well the surface drilling of which commenced prior to January 1, 1973.

(9) "Minimum rate gas" means natural gas to which this subpart applies produced from a well the surface drilling of which commenced prior to January 1, 1973, and which is sold pursuant to a contract providing for a fixed rate lower than that applicable to such gas under paragraph (c) of this section.

(10) A sale qualifies as a small producer sale under this subpart: (i) If it is a small producer sale (as defined in § 157.40(a)) covered by a blanket certificate under § 157.40 (b) and (d), or (ii) if it is a sale by a large producer from small producer reserves, and such sale is entitled to the small producer rate under § 157.40(f)(2).

(11) A large producer sale is a first sale which does not qualify as a small producer sale under paragraph (b)(10) of this section.

(c) *Applicable higher rates.* (1) If a just and reasonable rate in effect on April 20, 1977, under former §§ 2.56a(g), 2.56b(h), 2.76, or 2.77 of this chapter was applicable on November 30, 1978, to a first sale of natural gas, then such rate (plus an inflation adjustment from April, 1977, determined in accordance with § 271.102), if higher, shall apply in lieu of the rate determined under paragraph (a) of this section.

(2) Any just and reasonable rate for a sale of natural gas which was established by the Commission after April 20, 1977, and before November 9, 1978, shall be the maximum lawful price applicable to such sale if higher than the otherwise applicable rate prescribed under paragraph (a) or (c)(1) of this section.

(3) In the case of any first sale under any rollover contract to which this subpart applies, the maximum lawful price for the month in which the effective date of such rollover contract occurs is the highest of:

(i) The maximum lawful price applicable to the expiring contract in the month in which the rollover contract becomes effective;

(ii) The price specified in Table II of § 271.101(a) for interstate rollover gas; or

(iii) The price specified in Table II of § 271.101(a) for post-1974 gas if the rollover contract becomes effective after July 18, 1986.

(4) For purposes of § 271.402(b) (1) and (2), production from reservoirs penetrated for the first time through deeper drilling in an existing well is eligible for the same rate as if the deeper drilling constituted the commencement of surface drilling of such well. Deeper drilling means drilling after the first completion and production in a well bore have been accomplished, or drilling below an uncompleted nonproductive horizon where the initial well bore was plugged and abandoned.

(5) Any seller seeking to charge a rate in excess of the applicable maximum lawful price described in paragraphs (a), or (c) (1), (2), or (7) of this section must file a petition seeking special relief fully justifying the relief sought. Such seller may not file a rate increase for, or charge or collect any rate in excess of the maximum lawful price otherwise applicable under this section unless the Commission has granted such petition for special relief.

(6) Notwithstanding § 270.101(b), the minimum rate for minimum rate gas (at 14.73 psia and 60° F) shall be the rate specified for minimum rate gas in Table II of § 271.101(a).

(7) The maximum lawful price, per MMBtu, for the first sales of all categories of gas otherwise subject to lower maximum lawful prices under this subpart is the price specified in Table II of § 271.101(a) for post-1974 gas, if the price is established:

(i) Under a contract or contract amendment executed after July 18, 1986; or

(ii) In accordance with the good faith negotiation procedures of § 270.201 of this chapter.

[Order 64, 45 FR 1871, Jan. 9, 1980, as amended at 44 FR 48664, Aug. 1979; 45 FR 5685, Jan. 24, 1980; 45 FR 16173, Mar. 13, 1980; Order 225, 47 FR 19058, May 3, 1982; 49 FR 21913, May 23, 1984; Order 451, 51 FR 22220, June 18, 1986]

### § 271.403 Special rule regarding carrying charge adjustment for advance payments.

The rate prescribed in § 271.402 for post-1974 gas to which Opinion No. 770-A applies shall be subject to a deduction of 83 cents per MMBtu as a carrying charge adjustment if the seller has accepted advance payments on or after 1:00 p.m., EST, November 5, 1976, under an advance payments contract with an interstate pipeline company and such pipeline company has received rate base treatment of such advance payments made. The resulting adjusted rate shall be employed in the discharge of the obligations of any advance payments after 1:00 p.m., EST, November 5, 1976, for all deliveries until an amount of natural gas has been delivered at the adjusted rate such that the total carrying charge credits equal the amounts lawfully collected by the jurisdictional pipeline company as a result of including the advance payments in rate base.

[45 FR 1872, Jan. 9, 1980]

## Subpart E—Sales Under Existing Intrastate Contracts

AUTHORITY: Natural Gas Act, as amended, 15 U.S.C. 717, *et seq.;* Department of Energy Organization Act, 42 U.S.C. 7101-7352; E.O. 12009, 42 FR 46267; Natural Gas Policy Act of 1978; 15 U.S.C. 3301-3432.

### § 271.501 Applicability.

This subpart implements section 105 of the NGPA and applies to the first sale of natural gas under an existing intrastate contract or under a successor to an intrastate contract, if such natural gas is not deregulated natural gas (see § 272.103(a)). This subpart is not applicable to sales made under an intrastate rollover contract as defined in § 270.102(b)(11) of this part.

[Order 68, 45 FR 5684, Jan. 24, 1980, as amended by Order 406, 49 FR 46884, Nov. 29, 1984]

### § 271.502 Maximum lawful prices.

(a) In the case of a first sale of natural gas to which this subpart applies (other than a first sale to which paragraph (b) applies), the maximum lawful price for natural gas delivered in any month shall be the lower of:

(1) The price for such month under the terms of the existing intrastate contract to which such natural gas was subject on November 9, 1978, as such contract was in effect on November 9, 1978; or

(2) The maximum lawful price per MMBtu for such month specified for new natural gas (Subpart B of Part 271) in Table I of § 271.101(a).

(b) The maximum lawful price per MMBtu for natural gas delivered in any month which is:

(1) Gas to which the subpart applies;

(2) Gas for which the price paid exceeds $1.00 per MMBtu on December 31, 1984 (or would exceed $1.00 per MMBtu if sold on such date); and

(3) Gas which is sold at a price established under an indefinite price escalator clause as defined in section 105(b)(3)(B) of the NGPA;

Shall be the higher of the price specified for Subpart E of Part 271 in Table I of § 271.101(a) or the contract price per MMBtu on November 9, 1978, adjusted for inflation in accordance with § 271.102 of this part.

[Order 68, 45 FR 5684, Jan. 24, 1980, as amended by Order 406, 49 FR 46884, Nov. 29, 1984; Order 406-A, 49 FR 50642, Dec. 31, 1984]

### § 271.503 Recordkeeping.

Any person who collects a price under this subpart for the first sale of natural gas shall keep:

(a) Any books and records related to the sale for three years from the end of each billing period; and

(b) Any contract related to the sale for three years after the expiration of the contract.

[Order 272, 48 FR 646, Jan. 6, 1983]

### § 271.504 Determination of contract price.

For purposes of this subpart:

(a) *Contract price.* "Contract price," when used with respect to any specific date and contract, means:

(1) The total price paid per MMBtu for delivery of natural gas occurring on that date (including any amounts which were required to be paid as reimbursement from the purchaser for

State severance taxes paid by the seller).

(2) If no deliveries of natural gas occurred under such contract on that date, the total price per MMBtu that would have been paid for delivery of natural gas on that date (including any amount which would have been required to be paid as reimbursement from the purchaser for State severance taxes which would have been paid by the seller).

(b) *Price under the terms of the existing contract.* "Price under the terms of the existing contract" when used with respect to any specific date and contract means the total price under the terms of the existing contract, as such contract was in effect on November 9, 1978 (including any amounts which are required to be paid as reimbursement from the purchaser for State severance taxes paid by the seller).

(c) *Take-or-pay clauses.* If the contract contains a take-or-pay clause and payments were made under such clause for deliveries on November 9, 1978, the contract price on November 9, 1978, shall be determined as if volumes obligated to be taken were taken.

[Order 108, 45 FR 76670, Nov. 20, 1980]

EFFECTIVE DATE NOTE: At 46 FR 2975, Jan. 13, 1981, the effective date of Jan. 1, 1981, was stayed for § 271.504(a) and (b).

## Subpart F—Intrastate Rollover Contracts

AUTHORITY: Natural Gas Act, 15 U.S.C. 717-717w (1982); Department of Energy Organization Act, 42 U.S.C. 7101-7352 (1982); E.O. 12009, 3 CFR 142 (1978); Natural Gas Policy Act of 1978, 15 U.S.C. 3301-3432 (1982).

### § 271.601 Applicability.

This subpart implements section 106(b) of the NGPA and applies to the first sale of natural gas under an intrastate rollover contract, if such natural gas is not deregulated natural gas (see § 272.103(a)).

[Order 406, 49 FR 46884, Nov. 29, 1984]

### § 271.602 Maximum lawful price.

(a) *General rule.* The maximum lawful price for a first sale of natural gas under an intrastate rollover contract to which section 106(b)(1) of the NGPA applies shall be the highest of:

(1)(i) The maximum lawful price, per MMBtu, paid under the expired contract, in the month in which the rollover contract becomes effective; and

(ii) In any month after the month in which the rollover contract becomes effective, the maximum lawful price, per MMBtu, prescribed under this paragraph for the preceding month adjusted for inflation in accordance with § 271.102;

(2) The alternative maximum lawful price specified in Table I of § 271.101(a) for certain intrastate rollover gas; or

(3) The price specified in Table II of § 271.101(a) for post-1974 gas, if the price is established under a contract or contract amendment executed after July 18, 1986.

(b) *Certain State or Indian production or royalty shares.* The maximum lawful price, per MMBtu, for natural gas to which section 106(b)(2) of the NGPA (relating to certain State or Indian natural gas production or royalty interests) applies shall be the price specified for new natural gas (Subpart B of Part 271) in Table I of § 271.101(a).

(c) *Qualified production enhancement gas.* For purposes of paragraph (a)(1)(i) of this section, the maximum lawful price, per MMBtu, paid under the expired contract is deemed to include any amount paid by reason of a maximum lawful price allowed under § 271.704 (relating to qualified production enhancement gas.)

[Order 68, 45 FR 5684, Jan. 24, 1980, as amended by Order 107, 45 FR 77429, Nov. 24, 1980; Order 451, 51 FR 22220, June 18, 1986]

### § 271.603 Recordkeeping.

Any person who collects a price under this subpart for the first sale of natural gas shall keep:

(a) Any books and records related to the sale for three years from the end of each billing period; and

(b) Any contract related to the sale for three years after the expiration of the contract.

[Order 272, 48 FR 646, Jan. 6, 1983]

## Subpart G—High-Cost Natural Gas

AUTHORITY: Dept. of Energy Organization Act (42 U.S.C. 7101, et seq.); E.O. 12009, 42 FR 46267; Natural Gas Policy Act of 1978 (15 U.S.C. 3301-3432; Natural Gas Act, as amended, 15 U.S.C. 717, *et seq.*

### § 271.701 Applicability.

This subpart implements section 107 (b) and (c) of the NGPA and applies to the first sale of natural gas which is:

(a) Tight formation gas for there is a negotiated contract price.

(b) Qualified production enhancement gas.

[Order 99, 45 FR 56044, Aug. 22, 1980, as amended by Order 99-A, 45 FR 71564, Oct. 29, 1980; Order 107, 45 FR 77429, Nov. 24, 1980]

### § 271.702 General rules.

(a) *Definitions.* For purposes of this subpart:

(1) "Negotiated contract price" means any price established by a contract provision that specifically references the incentive pricing authority of the Commission under section 107 of the NGPA, by a contract provision that prescribes a specific fixed rate, or by the operation of a fixed escalator clause.

(2) A "fixed escalator clause" is a provision in a contract for the first sale of natural gas which changes the price for the gas by a specified amount on a specified date.

(3) For the definition of "crude oil," *see* § 270.102(b)(5).

(4) "Pipeline production price" means any price which is paid by the transmission divisional unit of a pipeline in a first sale to the production divisional unit of that pipeline and which does not exceed the amount paid in comparable first sales between persons not affiliated with such pipeline.

(b) *Cross reference.* For special rules applicable to high-cost natural gas retroactive collections, *see* § 273.204.

[Order 99, 45 FR 56044, Aug. 22, 1980, as amended by Order 99-A, 45 FR 71565, Oct. 29, 1980; Order 391, 49 FR 33859, Aug. 27, 1984]

### § 271.703 Tight formations.

(a) *Maximum lawful price for tight formation gas.* The maximum lawful price, per MMBtu, for the first sale of tight formation gas for which there is a negotiated contract price or a pipeline production price shall be the lesser of:

(1) The negotiated contract price or the pipeline production price, as applicable; or

(2) 200 percent of the maximum lawful price specified for Subpart C—NGPA section 103(b)(1) of Part 271 in Table I of § 271.101(a).

(b) *Definitions.* (1) "Tight formation gas" means natural gas that a jurisdictional agency has determined in accordance with Parts 274 and 275 to be new tight formation gas or recompletion tight formation gas.

(2) "New tight formation gas" is natural gas:

(i) Which is new natural gas, (as defined in section 102(c)), certain OCS gas qualifying for the new natural gas ceiling price (as defined in section 102(d)), or gas produced through a new onshore production well (as defined in section 103(c)); and

(ii) Which is produced from a designated tight formation through a well the surface drilling of which began on or after July 16, 1979.

(3) "Recompletion tight formation gas" is natural gas which is produced from a designed tight formation through a well, the surface drilling of which was begun before July 16, 1979.

(i) If such well was not completed for production from such designated formation prior to July 16, 1979, or

(ii) If such well was completed for production from such designated formation prior to July 16, 1979, such gas is produced from a completion location completed after [the effective date of the final rule], and such gas could not have been produced from any completion location which was in existence in the wellbore on or before December 27, 1983.

(4) "Formation" means any geological formation, or portion thereof described by geological as well as geographical parameters.

(5) A "designated tight formation" is a natural gas formation as determined

by the appropriate jurisdictional agency, pursuant to paragraph (c)(3) of this section. Appropriate jurisdictional agencies are identified in § 274.501 of this chapter.

(6) "Infill drilling" means any drilling in a substantially developed formation (or a portion thereof) subject to requirements respecting well-spacing or proration units which were amended by the jurisdictional agency after the formation (or portion thereof) was substantially developed and which were adopted for the purpose of more effective and efficient drainage of the reservoirs in such formation. Such amendment may provide for the establishment of smaller drilling or production units or may permit the drilling of additional wells on the original units.

(c) *Determination of tight formations*—

(1) *General.* Determinations by a jurisdictional agency must be made in the form and manner prescribed in Part 274 of this chapter.

(2) *Guidelines.* (i) The guidelines for tight formations are as follows:

(A) The estimated average *in situ* gas permeability, throughout the pay section, is expected to be 0.1 millidarcy or less.

(B) The stabilized production rate, against atmospheric pressure, of wells completed for production in the formation, without stimulation, is not expected to exceed the production rate determined in accordance with the following table:

| If the average depth to the top of the formation (in feet) | | The maximum allowable production rate (in thousand cubic feet per day) may not exceed— |
|---|---|---|
| Exceeds | But does not exceed | |
| 0 | 1,000 | 44 |
| 1,000 | 1,500 | 51 |
| 1,500 | 2,000 | 59 |
| 2,000 | 2,500 | 68 |
| 2,500 | 3,000 | 79 |
| 3,000 | 3,500 | 91 |
| 3,500 | 4,000 | 105 |
| 4,000 | 4,500 | 122 |
| 4,500 | 5,000 | 141 |
| 5,000 | 5,500 | 163 |
| 5,500 | 6,000 | 188 |
| 6,000 | 6,500 | 217 |
| 6,500 | 7,000 | 251 |
| 7,000 | 7,500 | 290 |
| 7,500 | 8,000 | 336 |
| 8,000 | 8,500 | 388 |
| 8,500 | 9,000 | 449 |
| 9,000 | 9,500 | 519 |
| 9,500 | 10,000 | 600 |
| 10,000 | 10,500 | 693 |
| 10,500 | 11,000 | 802 |
| 11,000 | 11,500 | 927 |
| 11,500 | 12,000 | 1,071 |
| 12,000 | 12,500 | 1,238 |
| 12,500 | 13,000 | 1,432 |
| 13,000 | 13,500 | 1,655 |
| 13,500 | 14,000 | 1,913 |
| 14,000 | 14,500 | 2,212 |
| 14,500 | 15,000 | 2,557 |

(C) No well drilled into the recommended tight formation is expected to produce, without stimulation, more than five barrels of crude oil per day.

(D) If the formation or any portion thereof was authorized to be developed by infill drilling prior to the date of determination and the jurisdictional agency has information which in its judgment indicates that such formation or portion subject to infill drilling can be developed absent the incentive price established in paragraph (a) of this section then the jurisdictional agency shall not include such formation or portion thereof in its determination.

(ii) The jurisdictional agency may designate as a tight formation any formation which meets the guidelines contained in paragraph (c)(2)(i) (B) and (C) of this section, but does not meet the guideline contained in paragraph (c)(2)(i)(A) of this section, if the jurisdictional agency makes an adequate showing that the formation exhibits low permeability characteristics and the price established in paragraph (a) of this section is necessary to provide reasonable incentives for production of the natural gas from the determined formation due to the extraordinary costs associated with such production.

(3) *Notice to the Commission.* Any jurisdictional agency making a determination that a natural gas formation qualifies as a tight formation will provide timely notice in writing of the determination to the Commission. Such notice shall include substantiation provided in paragraph (4) of this section and be in the manner prescribed in **§ 274.104** of this chapter.

(4) *Content of determinations.* A determination that a formation qualifies as a designated tight formation shall contain the following information:

(i) Geological and geographical descriptions of the formation which is determined to qualify as a tight formation;

(ii) Geological and engineering data to support the determination and the source of that data;

(iii) A map which clearly locates wells which are currently producing from the determined tight formation or a list locating all wells which are currently producing natural gas from the determined tight formation;

(iv) A report of the extent to which existing State and Federal regulations will assure development of the determined tight formation will not adversely affect any fresh water aquifers (during both hydraulic fracturing and waste disposal operations) that are or are expected to be used as a domestic or agricultural water supply;

(v) If the formation is determined under paragraph (c)(2)(ii) of this section, the types and extent of enhanced production techniques which are expected to be necessary and the estimated expenditures necessary for employing those techniques; and the degree of increase in production to be expected from use of such techniques and engineering and geological data to support that estimate; and

(vi) Any other information which the jurisdictional agency deems relevant.

(5) *Commission review of determinations.* Upon receipt of a determination submitted in accordance with this section, the Commission will review the jurisdictional agency's determination in accordance with the procedures established in Part 275 of this chapter

(d) *Designated tight formations.* The following formations are designated as tight formations. A more detailed description of the geographical extent and geological parameters of the designated tight formations is located in the Commission's official file for Docket No. RM79-76, subindexed as indicated, and is also located in the official files of the jurisdictional agency that submitted the recommendation.

(1) *The Cotton Valley Group in Texas.* RM79-76 (Texas-1).

(i) ***The Cotton Valley Group consisting of the Cotton Valley Sandstone, the Bossier Shale and the Cotton Valley Lime Formations***—(A) *Delineation of formation.* The northern boundary of the Cotton Valley Group is the Texas-Oklahoma border extending through Fannin, Lamar, and Red River Counties; the eastern boundary is formed by the Texas-Arkansas border and the Texas-Lousiana border; the southern boundary is along the Angelina-Caldwell flexture, running through Sabine, San Augustine, Angelina and Trinity Counties; the western boundary is set by the Mexia-Talco fault zone through Limestone, Navarro and Kaufman Counties.

(B) *Depth.* The Cotton Valley Sandstone is encountered at an average depth of approximately 7,000 feet to the north, 8,000 feet to the east, between 10,000 and 11,000 feet to the south, and 5,000 feet to the west; the Bossier Shale is encountered at 7,700 feet to the north, 10,720 feet to the east, 12,600 feet to the south, and 5,340 feet to the west: the Cotton Valley Lime is encountered at 8,000 feet to the north, 11,400 feet to the east, 13,200 feet to the south, and 5,500 feet to the west.

(ii) *The Cotton Valley Sandstone in the Paige, N. E. Field area*—(A) *Delineation of formation.* The Cotton Valley Sandstone in the Paige, N. E. Field area is found in the eastern portion of Bastrop County, Texas, in Railroad Commission District No. 1. The boundaries of the Cotton Valley Sandstone are approximately 2.5 miles around the Hou-Tex Oil and Gas No. 1 O. R. Mitchell Well. This well is in the Paige, N. E. Field, located two miles from Paige, Texas, in the Wm. Boatwright Survey, A-82.

(B) *Depth.* The top and base of the Cotton Valley Sandstone in the Paige, N. E. Field area are found at the approximate subsea depths of −11,520 feet and −12,780 feet, respectively. The maximum thickness of the formation is approximately 1,790 feet.

(2) *The Mancos "B" Formation in Colorado.* RM79-76 (Colorado-2).

(i) *Delineation of formation.* The Mancos "B" Formation is located approximately midway between Grand Junction and Rangely, Colorado, and straddles the Rio Blanco-Garfield county line from the Utah-Colorado state line east to the Douglas Pass and Baxter Pass Unit Area, underlying appoximately 195,200 contiguous acres of land in Rio Blanco and Garfield Counties, Colorado.

(ii) *Depth.* The average depth to the top of the Mancos "B" Formation is approximately 3,475 feet.

(3) *The Frontier Formation in Wyoming.* RM79-76 (Wyoming-1).

(i) *Delineation of formation.* The Frontier Formation is located in the Moxa Arch area in portions of Sweetwater, Uinta, and Lincoln Counties, Wyoming.

(ii) *Depth.* The top of the Frontier Formation is marked by the Hilliard Shale above, and the bottom of the formation is marked by the Mowry Shale, below. The average depth of the top of the Frontier Formation ranges from approximately 11,100 feet to 11,140 feet.

(4) *The Mesaverde Formation in Wyoming.* RM79-76 (Wyoming-2).

(i) *Delineation of formation.* The Mesaverde Formation is located in the Wamsutter Area in portions of Sweetwater, and Carbon Counties, Wyoming.

(ii) *Depth.* The top of the Mesaverde Formation is marked the Lewis Shale above, and the bottom of the formation is marked by the Steele Shale, below. The average depth to the top of the formation is approximately 10,125 feet.

(5) *The Austin-Mississippian Formation in New Mexico.* RM79-76 (New Mexico-1).

(i) *Delineation of formation.* The Austin-Mississippian Formation is located entirely within Lea County, New Mexico. The area consists of 138,240 contiguous acres of land located approximately 6 to 12 miles north of Lovington, New Mexico.

(ii) *Depth.* The average depth to the top of the Austin-Mississippian Formation is approximately 13,250 feet.

(6) *The Mancos "B" Formation in Colorado.* RM79-76 (Colorado-6).

(i) *Delineation of formation.* The Mancos "B" Formation is located in northwestern Colorado in the North Douglas Creek area in Rio Blanco County, Colorado, approximately 10 miles south of the town of Rangely, Colorado, on the Douglas Creek Arch which separates the Uinta and Piceance Creek Geologic Basins.

(ii) *Depth.* The average depth to the top of the Mancos "B" Formation is approximately 2,500 feet.

(7) *The Fort Union Formation in Colorado.* RM79-76 (Colorado-4).

(i) *Delineation of formation.* The Fort Union Formation is located in the Rio Blanco and Dry Gulch Units of Rio Blanco County, Colorado approximately 40 miles southwest of Meeker, Colorado, and 30 miles northwest of Rifle, Colorado. The area is bounded on the north and south by synclinal and anticlinal trends, and on the northeast by an anticlinal closure known as the Piceance Creek Dome.

(ii) *Depth.* The average depth to the top of the Fort Union Formation is approximately 4,700 feet.

(8) *The Mesaverde Formation in Colorado.* RM79-76 (Colorado-4).

(i) *Delineation of formation.* The Mesaverde Formation is located in the Rio Blanco and Dry Gulch Units of Rio Blanco County, Colorado, approximately 40 miles southwest of Meeker, Colorado, and 30 miles northwest of Rifle, Colorado. The area is bounded on the north and south by synclinal and anticlinal trends, and on the northeast by an anticlinal closure known as the Piceance Creek Dome.

(ii) *Depth.* The average depth to the top of the Mesaverde Formation is approximately 7,200 feet.

(9) *The Mancos Formation to the base of the Mancos "B" Zone in Colorado.* RM79-76 (Colorado-4).

(i) *Delineation of formation.* The Mancos Formation to the base of the Mancos "B" Zone is located in the Rio Blanco and Dry Gulch Units in Rio

Blanco County, Colorado, approximately 40 miles southwest of Meeker, Colorado, and 30 miles northwest of Rifle, Colorado. The area is bounded on the north and south by synclinal and anticlinal trends, and on the northeast by an anticlinal closure known as the Piceance Creek Dome.

(ii) *Depth.* The average depth to the top of Mancos Formation is approximately 10,500 feet.

(10) *Canyon Sandstone Formation in Texas.* RM79-76 (Texas-2)

(i) The Canyon Sandstone Formation in Crockett, Edwards, Schleicher, Sutton, Terrell and Val Verde Counties, Texas.

(A) *Delineation of formation.* The Canyon Sandstone Formation is found in portions of Crockett, Edwards, Schliecher, Sutton, Terrell and Val Verde Counties, Texas.

(B) *Depth.* In the east, the top of the Upper Canyon (Sonora) of the Canyon Sandstone Formation is encountered at a depth of approximately 4,775 feet and the base of the Lower Canyon extends to 8,953 feet, for a total thickness of 4,178 feet. In the west, the top of the Upper Canyon (Ozona), the only section of the Canyon Sandstone Formation to occur in the west, is encountered at an approximate depth of 2,675 feet in the south and 6,100 feet in the north. The base of the Upper Canyon (Ozona) appears at an approximate depth of 3,915 feet in the south, and 7,278 feet in the north, and its thickness ranges from approximately 1,240 feet in the north to 1,178 feet in the south.

(ii) The Canyon Sandstone Formation in the KWB (Canyon) Field, Tom Green County, Texas.

(A) *Delineation of formation.* The designated area of the Canyon Sandstone Formation in the KWB (Canyon) Field is located 2.5 miles south of the town of Carlsbad in Tom Green County, Texas, and consists of the following surveys: TTRR Co. 1113 and 1135; TCRR Co. 1137 and 1139; H & TC RR Co. 37; J. S. Turner 1132; W. Turner 1114, 1136, 1138, and 1140; Mason-Perry Co. (Subdivision #1 of Collins Ranch) 48, 49, 52 thru 58 and 214 A&B thru 295; Mason-Perry Co. (Subdivision #2 of Collins Ranch) 29.

(B) *Depth.* The top of the Canyon Sandstone Formation within the designated area ranges from approximately 3,200 to 3,800 feet subsea and is identified on the log of the Mitchell Energy Corporation McWhorter 218 No. 2 well as a 900 foot thick interval occurring between the measured depths of 5,100 and 6,000 feet.

(iii) *Irion County*—(A) *Delineation of formation.* The Canyon Sandstone Formation is located in all of the portion of Irion County which lies to the east of a straight line directed between the junction of Crockett, Schleicher, and Irion Counties at the south end of the line and the junction of Reagan, Tom Green, and Irion Counties at the north end of the line.

(B) *Depth.* The Canyon Sandstone Formation is that interval from 6,290 feet to the top of the Strawn Formation at 7,870 feet shown on the electric log of the John H. Hill, McManus No 1 well located in the north central part of Irion County in Section 35, Block 6, H&TC RR. Co. Survey. The top of the formation dips at a rate of approximately 50 feet per mile in a west-southwest direction across the designated area.

(11) *Wattenberg J Sand Formation in Colorado.* RM79-76 (Colorado-1).

(i) *Wattenberg J Sand Formation*—(A) *Delineation of formation.* The Wattenberg J Sand Formation is located north and east of Denver, Colorado, on the western flank of the Denver-Julesberg Basin, underlying approximately 702,000 acres of land in Boulder, Adams, Larimer, and Weld Counties, Colorado. This formation underlies portions of Township 1 South, Range 64 through 68 West; Township 2 South, Ranges 64 and 65 West; Townships 1 and 2 North, Ranges 63 through 69 West: Townships 3 and 4 North, Ranges 63 through 68 West; Township 5 North, Ranges 63 through 69 West, 6th P.M.; Township 2 North, Range 68 West, 6th P.M., Sec. 13W/2.

(B) *Depth.* The Wattenberg J Sand Formation ranges in depth from 7,600 feet to 8,400 feet. The average depth is 8,000 feet.

(ii) *The J Sand Formation.* RM79-76 (Colorado-1 Addition)—(A) *Delineation of formation.* This formation underlies all or portions of Townships 1 and 2 South, Ranges 69 and 70 West; Townships 1 and 2 North, Range 70 West; Townships 3 and 4 North, Ranges 69 and 70 West; Township 5 North, Range 63 West; Township 6 North, Ranges 63 through 69 West, 6th P.M., in Boulder, Larimer, Jefferson and Weld Counties, Colorado.

(B) *Depth.* The J Sand Formation ranges from a depth of 7,600 feet to 8,400 feet. The average depth is approximately 8,000 feet.

(iii) *The J Sand Formation.* RM79-76 (Colorado-1 Addition II)—(A) *Delineation of formation.* This formation underlies all or portions of Township 1 South, Range 63 West, and Township 2 South, Ranges 63 and 64 West, 6th P.M., in Adams County, Colorado.

(B) *Depth.* The J Sand Formation ranges from a depth of 7,600 feet to 8,400 feet. The average depth is approximately 8,000 feet.

(12) *Cisco Sandstone Formation in Texas.* RM79-76 (Texas-3)

(i) *The Sallie (Cisco) Field*—(A) *Delineation of formation.* The Sallie (Cisco) Field in the Cisco Sandstone Formation is located in Sections 58, 59, 60, and 72, Block 2, T&P RR Survey, northeast Reagan County, Texas, and Section 42, Block 2 T&P RR Survey, southwest Sterling County, Texas.

(B) *Depth.* The top of the Cisco Sandstone Formation is located at an approximate depth of 8,030 feet and is approximately 300 feet thick.

(ii) *The Credo, East (Cisco, Upper) Field*—(A) *Delineation of formation.* The Upper Cisco Formation is located in the northwestern corner of Sterling County, in west Texas, Railroad Commission District 8, and includes Sections 149, 150, 151, 170, 171, 172, 177, 178, 179, 198 through 207 and 226 through 230 of Block 29, W&NW RR Co. Survey; Sections 1 through 6 and 15 through 18 of Block 30, W&NW RR Co. Survey; Sections 1 through 5, 5½, 5¾, 6(A-1013), 6(A-1269, A-1293 and A-1305), 7 through 10, 10½, and 11 through 13 of Block 31, TWP. 4-S, T&P RR Co. Survey; Section 2 of Lily Roberts Survey; Sections 1, 2 and 4 of J. G. Soulard, Survey; Sections 5 through 8, and 18 of Block 14, SP & RR Co. Survey; Sections 1 through 36 of Block 23, H & TC RR Co. Survey; and Sections 46 through 50, 95 through 101, 127, 182, and 207 of Block 17, SP & RR Co. Survey.

(B) *Depth.* The top and base of the Upper Cisco Formation located in the Credo, East (Cisco, Upper) Field, are found at an approximate depth of 7,125 feet and 7,550 feet, respectively, as measured in the log of the HNG Oil Co. No. 21-1 McEntire well.

(iii) *The Cisco-Canyon Formation*—(A) *Delineation of formation.* The Cisco-Canyon Formation is found in the area of the Conger (Penn) Field and the Conger, S.W. (Penn) Field in Glasscock, Reagan and Sterling Counties, Texas, Railroad Commission Districts 7C and 8. The area includes the following surveys: T&P RR Block 33, T-5-S, Sections 34, 36, and W ½ of 38; T&P RR, Block 32, T-5-S, Sections 13 through 17, 20 through 29, 32 through 42 and 44 through 48; EL & RR RR Sections 1, 2, 3 and 4; D. L. Carver Section 4; H. T. Tweedle Section 2; T&P RR., Block 2, Sections 3, 4, 9 through 14, 21 through 26, 33 through 36, 41, 43, 44, 49 through 52, 61, 62, 69, 70, 71, 89 through 92, 100, 118, 128, 146, 155 and 156; GC & SF RR Sections 1 and 3; GC & SF RY Section 1; W. C. Elam Section 4; CT & MC RR Section 2; W. R. Barton Section 4; S. H. Birdwell Section 17; Brooks & Burleson Sections 1 and 2; T. B. Wilson Section 2; C&M RR Section 1; H&TC RR, Block 22, Sections 19 through 36; T&P RR, Block 31, T-5-S, Sections 4, 5, and 7 through 30; O. R. Wilson Section 2; Mrs. Ann Morrison Section 7; F. A. Brooks Section 4; and the north 656.65 acres of the north part of Moses Herrin No. 6 Block A.

(B) *Depth.* The depth to the top of the Cisco Formation varies from approximately 8,670 feet in the southwest part of the area to 6,990 feet in the northeast. The depth to the top of the Canyon Formation varies from approximately 8,810 feet in the southwest to 7,370 feet in the northeast. Total thickness of the two formations varies from approximately 200 feet in the southwest to 710 feet in the northeast.

(13) *The Vicksburg UV Formation in Texas.* RM79-76 (Texas-4).

(i) *Delineation of formation.* The Vicksburg UV Formation is found in Hidalgo County, Texas.

(ii) *Depth.* The top of the Vicksburg UV Formation is located at an approximate depth of 12,304 feet with an approximate thickness of 1,155 feet.

(14) *The Vicksburg Y Formation in Texas.* RM79-76 (Texas-5).

(i) *Delineation for formation.* The Vicksburg Y Formation is found in Hidalgo County, Texas.

(ii) *Depth.* The top of the Vicksburg Y Formation in the McAllen Ranch Field is located at an approximate depth of 13,595 feet in the north and 13,244 feet in the south and ranges in thickness from approximately 1,955 feet in the north to 1,717 feet in the south.

(15) *The Arkadelphia Formation in Louisiana.* RM79-76 (Louisiana-1).

(i) *Delineation of formation.* The Arkadelphia Formation is found in Union Parish, Louisiana.

(ii) *Depth.* The Arkadelphia Formation is defined as that formation occuring between the measured depths of 2,028 feet and 2,080 feet.

(16) *The Fort Union Formation in Wyoming.* RM79-76 (Wyoming-3).

(i) *Delineation of formation.* The Fort Union Formation is found in Pinedale Field in Sublette County, Wyoming.

(ii) *Depth.* The Fort Union Formation is defined as that formation occurring between the Wasatch Formation above and the Lance Formation below, at an average measured depth interval of 7,258 feet to 10,516 feet.

(17) *The Midway (11,740′) Sandstone Formation in Texas.* RM79-76 (Texas-6).

(i) *Delineation of formation.* The Midway (11,740′) Sandstone Formation is located in the northwestern portion of Montgomery County and the southeastern portion of Grimes County, Texas.

(ii) *Depth.* The top of the Midway (11,740′) Sandstone Formation is located at an approximate depth of 11,746 feet and the base is located at an approximate depth of 11,774 feet, giving it a thickness of 28 feet.

(18) *Lower Wilcox Formation in Texas.* RM79-76 (Texas-7).

(i) *Three County Area*—(A) *Delineation of formation.* The Lower Wilcox Formation is found in the southern portion of Austin County, the northern portion of Wharton County, and the eastern portion of Colorado County, Texas.

(B) *Depth.* The top of the Lower Wilcox Formation is located at an approximate depth of 11,700 feet and the base is located at an approximate depth of 12,700 feet, giving a thickness of 1,000 feet.

(ii) *Bonus, S. (Wilcox 13,900′) Field*—(A) *Delineation of formation.* The Lower Wilcox Formation is found in the Bonus, S. (Wilcox 13,900′) Field, Wharton County, Texas, approximately 10 miles south of the town of Eagle Lake. The formation is described by a 2.5 mile radius around the Laurel Fuel Company Winterman No. 3 well, and covers approximately 19.6 square miles.

(B) *Depth.* The top of the Lower Wilcox Formation is at an approximate depth of 13,900 feet and is between 60 and 70 feet thick.

(iii) *Lower Wilcox (Midcox) Formation*—(A) *Delineation of formation.* The Lower Wilcox (Midcox) Formation is found approximately five miles northeast of the town of Rock Island in central Colorado County, Texas Railroad Commission District 3. The designated area is within a 2.5 mile radius around the Holt Oil & Gas Corporation (formerly Perkins Oil Company) Kleimann Unit No. 1 well located in the J. E. Hester Survey A-740.

(B) *Depth.* The top of the Lower Wilcox (Midcox) Formation is found at an approximate log depth of 11,650 feet in the Kleimann Unit No. 1 well and is 344 thick.

(19) *Atoka Formation in New Mexico.* RM79-76 (New Mexico—2).

(i) *Delineation of formation.* The Atoka Formation is found in Lea County, New Mexico, and underlies an area approximately 9 miles north of Lovington, New Mexico, 3 miles southwest of Tatum, New Mexico, and 15 miles west of the Texas border. The formation underlies Township 12 South, Range 35 East, Sections 31 through 36; Township 12 South, Range 36 East, Sections 31 through 36; Township 13 South, Ranges 35 and 36: All; Township 14 South, Range 35 East, Sections 1 through 24; and Township 14 South, Range 36 East, Sections 1 through 24, NMPM.

(ii) *Depth.* The Atoka Formation is defined as that formation the depth to the top of which ranges from 11,500 to 12,450 feet, and averages 12,200 feet, and the base of which is defined by the top of the Morrow Formation. The thickness varies from 375 to 750 feet.

(20) *The Niobrara Formation in Colorado.* RM79-76 (Colorado-3).

(i) *Delineation of formation.* The Niobrara Formation is located in north and east of Denver, Colorado, on the eastern flank of the Denver-Julesberg Basin, underlying all lands in Cheyenne, Kit Carson, Lincoln, Logan, Phillips, Sedgwick, Washington and Yuma Counties, Colorado. The designated formation does not include the Mildred and Waverly Fields, or that portion of the Beecher Island Field on which wells were drilled prior to the issuance of the infill drilling order of Colorado, No. 300-5.

(ii) *Depth.* The depth of the Niobrara Formation ranges from 1300 feet to approximately 3000 feet.

(21) *The Clinton Sandstone Formation in Ohio.* RM79-76 (Ohio-1).

(i) *Delineation of formation.* The Clinton Sandstone Formation is found in eastern Ohio, and extends from Lake Erie on the north, to the Kentucky border on the south, and from Licking County in central Ohio on the west to the Pennsylvania and West Virginia borders on the east. The designated tight formation does not include any areas which are gas storage reservoirs or reservoir protective areas, as defined by maps on file with the Ohio Oil and Gas Division, Department of Resources and the Commission.

(ii) *Depth.* The Clinton Sandstone Formation occurs within the Silurian Cataract System, between the Dayton Limestone and the Queenston Shale, found at approximately 2,500 feet in the updip areas near its pinch out, dipping to the southeast approximately 50 feet per mile.

(22) *Haynesville Formation in Louisiana.* RM79-76 (Louisiana-2).

(i) *Arkana Field, Bossier Parish*—(A) *Delineation of the formation.* The Haynesville Formation is found in the northern part of Bossier Parish, Louisiana, on the Arkansas border and consists of the following: Township 23 North, Range 12 West, Sections 5 through 8, and 17 through 19; Township 23 North, Range 13 West, Sections 1 through 24; Township 23 North, Range 14 West, Sections 1, 2, 6 through 24, and 27 through 34; and Township 23 North, Range 15 West, Sections 1 through 3, 22 through 27, and 34 through 36.

(B) *Depth.* The top of the Haynesville Formation is located at a measured depth of 10,360 feet, with the base located at 10,845 feet on the induction electrical log of the Crystal Oil Company Hall No. 1 Well. In the Arkana Field, the Haynesville Formation consists of three members; the upper member varies in thickness from 120 to 220 feet, the middle member, the Haynesville Sand, ranges between 120 and 220 feet thick, and the lowest member, the Buckner, is between 200 and 400 feet thick.

(ii) *Colquitt Field, Claiborne Parish*—(A) *Delineation of formation.* The Haynesville Formation Reservoir B, in the Colquitt Field, is located in Claiborne Parish, Louisiana, and consists of the S ½ of the S/W ¼ of Section 27, the S ½ and the S ½ of the NW ¼ of Section 29, and the S ½ and the NW ¼ and the S ½ of the NE ¼ of Section 30, and the N ½ of Section 34, Township 23 North, Range 6 West, and the W ½ of Section 24, and the N ½ and the SE ¼ of Section 25, Township 23 North, Range 7 West.

(B) *Depth.* The Haynesville Formation, Reservoir B, is defined as that gas and condensate bearing formation occurring between the depths of 9,510 feet and 10,730 feet, on the electric log measurement of the Cities Service Company Hatter A No. 1 Well, located in Section 29, Township 23, Range 6 West.

(23) *The Mancos "B" Formation in Colorado.* RM79-76 (Colorado-11).

(i) *Delineation of formation.* The Mancos "B" Formation is found in the Douglas Creek Arch area in Rio Blanco County, Colorado.

(ii) *Depth.* The Mancos "B" Formation is a member of the Mancos Shale of upper Cretaceous age, occurring in the approximate middle third of the Mancos sequence. The average depth to the top of the Mancos "B" Formation is 3603 feet.

(24) *The Mancos "B" Formation in Colorado.* RM79-76 (Colorado-13).

(i) *Delineation of formation.* The Mancos "B" Formation is found in Rio Blanco County, Colorado. Approximately 70 miles northwest of Grand Junction, Colorado, on the northeast flank of the Douglas Creek Arch in the Piceance Basin.

(ii) *Depth.* The Mancos "B" Formation is a member of the Mancos Shale of upper Cretaceous age, occurring in the approximate upper third of the Mancos sequence. The thickness of the Mancos "B" Formation ranges from 400 to 700 feet. The depth to the top of the Mancos "B" Formation ranges from 1,500 to 8,400 feet and averages 3,500 feet.

(25) *The Lower Mesaverde Formation in Colorado.* RM79-76 (Colorado-5).

(i) *Delineation of formation.* The Lower Mesaverde Formation, consisting of the Rollings, Cozzett and Corcoran Sandstone members, is located in the Plateau Creek Field area 30 miles east-northeast of Grand Junction, Colorado in Mesa County, Colorado. The designation area includes Township 9 South, Range 95 West, Sections 19 through 23, 26 through 36; Township 9 South, Range 96 West, Section 25 through 36, Township 9 South, Range 97 West, Sections 25 and 36; Township 10 South, Range 94 West, Sections 6, 7, 18, 19, 30 and 31; Township 10 South, Range 95 West, Section 1 through 16 NW¼ and SE¼ of Section 17, 20 through 29, 31 through 36; Township 10 South, Range 96 West, Sections 1 through 11, 14 through 22, 29 through 32, S½ and NE¼ of Section 33, Sections 34 through 36; Township 10 South, Range 97 West, Sections 1, 12, 13, 24, 25 and 36; All from the 6th P.M.

(ii) *Depth.* The average to the top of the Lower Mesaverde Formation is 3,850 feet.

(26) *The Dakota Formation in Colorado.* RM79-76 (Colorado-7).

(i) *Delineation of formation.* The Dakota Formation is found in La Plata and Archuleta Counties, Colorado, underlying Township 34 North, Ranges 6 through 8 West (North of the Ute Line), Sections 1 through 18; Township 34 North, Range 9 West (North of the Ute Line), Sections 1 through 12; Township 34½ North, Range 9 West (North of the Ute Line), Sections 31 through 36; Township 35 North, Ranges 6 through 8 West, Sections 1 through 36; and Township 35 North, Range 9 West, Sections 1 through 3, 10 through 15, 22 through 27, and 34 through 36.

(ii) *Depth.* The Dakota Formation is defined as that formation, the top of which varies in depth from 7500 feet to 8000 feet and the bottom of which is defined by the top of the Morrison Formation.

(27) *Sanastee Formation in Colorado.* RM79-76 (Colorado-8).

(i) *Delineation of formation.* The Sanastee Formation is found in La Plata and Archuleta Counties, Colorado, underlying Township 34 North, Ranges 6 and 7 West (South of the Ute Line), Sections 1 through 36; and Township 34 North, Ranges 8 and 9 West (South of the Ute Line), Sections 1 through 24.

(ii) *Depth.* The Sanastee Formation is defined as that formation occurring within the Mancos shale at intervals from approximately 7500 to 7700 feet.

(28) *Dakota Formation in Colorado.* RM79-76 (Colorado-8).

(i) *Delineation of formation.* The Dakota Formation is found in La Plata and Archuleta Counties, Colorado, underlying Township 34 North, Ranges 6 and 7 West (South of the Ute Line), Sections 1 through 36; and Township 34 North, Ranges 8 and 9 West (South of the Ute Line), Sections 1 through 24.

(ii) *Depth.* The Dakota Formation is defined as that formation the depth to the top of which averages approximately 7600 feet and the base of which is defined by the top of the Morrison Formation.

(29) *Cozzette Formation in Colorado.* RM79-76 (Colorado-9).

(i) *Delineation of formation.* The Cozzette Formation is found in Mesa and Garfield Counties, Colorado. It is located northeast of the City of Grand Junction, Colorado, and occupies an area known locally as the Wagon Track Tight Gas and Sand area. The Cozzette Formation underlies Township 8 South, Ranges 98 and 99 West, Sections 1 through 36, and Range 100

West, Sections 21 through 28 and 33 through 36; Township 9 South, Range 97 West, Sections 1 through 24, 26 through 35, Ranges 98 and 99 West, Sections 1 through 36, Range 100 West, Sections 1 through 4, 9 through 14, 23, 24, 25 and 36; Township 10 South, Range 97 West, Sections 2 through 11, Range 98 West, Sections 1 through 12, and Range 99 West, Sections 1 through 5 and 9 through 12.

(ii) *Depth.* The Cozzette Formation is defined as that formation occurring within the Mount Garfield Formation in the Mesaverde Group and which is found at an average measured depth of 2478 feet.

(30) *Corcoran Formation in Colorado.* RM79-76 (Colorado-9).

(i) *Delineation of formation.* The Corcoran Formation is found in Mesa and Garfield Counties, Colorado. It is located northeast of the City of Grand Junction, Colorado, and occupies an area locally known as the Wagon Track Tight Sand area. The Corcoran Formation underlies Township 8 South, Ranges 98 and 99 West, Sections 1 through 36, and Range 100 West, Sections 21 through 28 and 33 through 36; Township 9 South, Range 97 West, Sections 1 through 24, 26 through 35, Ranges 98 and 99 West, Sections 1 through 36, Range 100 West, Sections 1 through 4, 9 through 14, 23, 24, 25 and 36; Township 10 South, Range 97 West, Sections 2 through 11, Range 98 West, Sections 1 through 12, and Range 99 West, Sections 1 through 5 and 9 through 12.

(ii) *Depth.* The Corcoran Formation is defined as that formation occurring within the Mount Garfield Formation of the Mesaverde Group and which is found at an average depth of 2673 feet.

(31) *The Abo Formation in New Mexico.* RM79-76 (New Mexico-3).

(i) *Delineation of formation.* The Abo Formation is located in DeBaca County, New Mexico, Township 2 South, Ranges 22 through 27 East, and Township 3 South, Ranges 22 through 26 East, and in Chaves County, New Mexico, Township 3 South, Range 27 East, Townships 4, 5, 9 and 10 South, Ranges 22 through 27 East, Townships 6 through 8 South, Ranges 22 through 28 East, Township 11 South, Ranges 22 through 25 East, Township 12 South, Ranges 22 through 24 East, Township 13 South, Ranges 22 and 23 East, Township 9 South, Range 24 East, Township 9½ South, Range 24 East, and Township 14 South, Range 22 East.

(ii) *Depth.* The Abo Formation averages about 677 feet in thickness and the depth to the top of the formation averages about 3650 feet.

(32) *Fruitland Formation in New Mexico.* RM79-76 (New Mexico-4).

(i) *Delineation of formation.* The Fruitland Formation consists of the Northeast Blanco Unit, found in San Juan and Rio Arriba Counties, New Mexico, approximately 18 miles east of the city of Aztec, New Mexico, on the northeast flank of the San Juan Basin. It encompasses the following: Township 30 North, Range 7 West, Sections 2 through 10, 17 through 21, Section 16-W/2, Section 29-N/2; Township 30 North, Range 8 West, Sections 1, 12, 13 and 24; Township 31 North, Range 6 West, Section 6-Lots 8, 9, 10, 11 and S/2, Sections 7, 18, 19, 20, 30; Township 31 North, Range 7 West, Section 1-Lots 5 through 8 and S/2, Section 9-S/2, and 10-S/2, Sections 11 through 16 and 19 through 36; Township 31 North, Range 8 West, Sections 25 and 36.

(ii) *Depth.* The Fruitland Formation is below the Kirtland Shale and Farmington Sandstone and above the Pictured Cliffs Formation. The average depth to the top of the Fruitland Formation underlying the Northeast Blanco Unit is 2800 feet.

(33) *Cozzette Formation in Colorado.* RM79-76 (Colorado-12).

(i) *Delineation of formation.* The Cozzette Formation is located in the Piceance Creek Basin in Garfield County, Colorado, approximately 12 miles southwest of the town of Glenwood Springs, Colorado. The formation consists of the following: Township 7 South, Range 90 West, 6th P.M., Sections 1 through 36; Township 7 South, Range 91 West, 6th P.M., Sections 1 through 36; and Township 8 South, Range 90 West, 6th P.M., Sections 1 through 12.

(ii) *Depth.* The Cozzette Formation is a member of the lower Mesaverde Group. The average depth to the top of the Cozzette Formation is 7,477 feet. Its base is defined as the top of the Corcoran Formation.

(34) *Corcoran Formation in Colorado.* RM79-76 (Colorado-12).

(i) *Delineation of formation.* The Corcoran Formation is located in the Piceance Creek Basin in Garfield County, Colorado, approximately 12 miles southwest of the town of Glenwood Springs, Colorado. The formation consists of the following: Township 7 South, Range 90 West, 6th P.M., Sections 1 through 36; Township 7 South, Range 91 West, 6th P.M., Sections 1 through 36; and Township 8 South, Range 90 West, 6th P.M., Sections 1 through 12.

(ii) *Depth.* The Corcoran Formation is a member of the lower Mesaverde Group. The average depth to the top of the Corcoran Formation is 7,677 feet. Its base is defined as the top of the Mancos Shale Formation.

(35) *Geopressured Wilcox Lobo Sandstone Formation in Texas.* RM79-76 (Texas-8).

(i) *Delineation of formation.* The Geopressured Wilcox Lobo Sandstone Formation is located in the southern part of Texas in Webb and Zapata Counties, Railroad District 4, and is located below the Lower Wilcox Group and above the Wills Point Formation which is part of the Midway Group.

(ii) *Depth.* The highest portion of the Geopressured Wilcox Lobo Sandstone Formation appears at 5,840 feet. The approximate thickness varies from 1,175 feet in the north to 3,130 feet in the south.

(36) *The Travis Peak Formation in Texas.* RM79-76 (Texas-9) and (Texas-9 Addition).

(i) *Sym-Jac, West (Hosston) Field*—(A) *Delineation of formation.* The Travis Peak Formation in the Sym-Jac, West (Hosston) Field is found in Cherokee County, Texas, Railroad Commission District 6.

(B) *Depth.* The top and the base of the Travis Peak Formation in the Sym-Jac, West (Hosston) Field are found at approximately 9,850 feet and 12,050 feet, respectively, giving it a thickness of approximately 2,200 feet.

(ii) *Bear Grass Area*—(A) *Delineation of formation.* The Travis Peak Formation in the Bear Grass area is found in portions of Freestone an Leon Counties, Texas, Railroad Com mission District 5. The area is ellipti cal with a northeast/southwest major axis and contains approximately square miles. The center of the area i approximately 2 miles east of the point of intersection of Freestone Leon and Limestone Counties and i situated in portions of the following surveys: Gertrude Diaz A-178 and A-1276, Isaac Connelly A-117 and A-1152, William F. Gray A-296, L. W Gideon A-1018 and Thomas Hardee A-1022.

(B) *Depth.* The top and the base o the Travis Peak Formation in the Bear Grass area are found at approxi mate subsea depths of—8,379 fee and—11,462 feet, respectively, giving a thickness of approximately 3,100 feet

(iii) *Melrose, South (Travis Peak Field.* (A) *Delineation of formation* The Travis Peak Formation in the Melrose, South (Travis Peak) Field i located four miles south of the city o Melrose, southeastern Nacogdoches County, Texas Railroad Commission District 6, and is within a 2.5 mile radius around the Texlan Oil Company, Inc. T.W. Baker No. 1 well.

(B) *Depth.* The top of the Travis Peak Formation is encountered a 8,920 feet and the base of the formation is at 9,940 feet (log depths).

(iv) *Martinsville (Travis Peak Field*—(A) *Delineation of formation* The designated portion of the Travis Peak Formation is located immediately south of the town of Martinsville i eastern Nacogdoches County, Texas Railroad Commission District 6, and includes all of the area within a 2 mile radius around the Getty Oil Company, Manuel Herrera Well No. 1 located in the Jose Huerra Survey, A-289.

(B) *Depth.* The designated portion o the Travis Peak is found at sub-sea depths ranging from approximately 8,100 feet on the north to 8,500 feet o the south.

(v) [Reserved]

(vi) *Toolan (Travis Peak) Field*—(A) *Delineation of formation.* The designated portion of the Travis Peak Formation consists of all or part of the surveys located in the Toolan Field i portions of Nacogdoches and Rusk Counties, Texas, specifically the area encompassed by a 2.5 mile radius around Hill International Production Company's E. J. Edwards, *et al.*, No. 1 well, located approximately one mile southwest of the town of Garrison, Texas, Francis Kellett Survey, Abstract 329.

(B) *Depth.* These Travis Peak sands are found in the interval ±7,100 feet subsea to ±9,200 feet subsea, or from the base of the Pettit to the top of the Cotton Valley intervals.

(37) *Cotton Valley Sandstone Formation in Louisiana.* RM79-76-089 (Louisiana—3).

(i) *Delineation of formation.* The Cotton Valley Sandstone Formation is located in northern Louisiana. It is situated in all of Bienville, Bossier, Caddo, Caldwell, Claiborne, DeSoto, Franklin, Jackson, Lincoln, Natchitoches, Quachita, Red River, Sabine, Tensas, Union, Vernon, Webster and Winn Parishes and parts of Allen, Beauregard, Catahoula, Concordia, Grant, La Salle, Madison, Morehouse, Rapides and Richland Parishes. Certain portions of the Cotton Valley Sandstone Formation in the following fields are excluded from the designated area: Arkana, Athens, Beekman, Benton, Blackburn, Caddo-Pine Island, Cadeville, Calhoun, Cartwright, Cheniere, Cotton Valley, East Dykesville, East Haynesville, Greenwood-Waskom, Haynesville, Hico-Knowles, Lisbon, Longwood, Middlefork, Millhaven, Minden, North Carlton, Northeast Lisbon, North Missionary Lake, Plain Dealing, Ruston, Senell, Shongaloo, Sligo, South Drew, South Downsville, Sugar Creek, Terryville, Tremont, Unionville and West Lisbon. Additional excluded areas that are not included in the fields are: Section 12, Township 19 North, Range 16 West; Sections 5 and 20, Township 21 North, Range 4 West; Sections 5 and 6, Township 21 North, Range 6 West; Section 30, Township 21 North, Range West; Sections 28 and 32, Township 1 North, Range 11 West; Sections 30 and 32, Township 22 North, Range 4 West; Section 1, Township 22 North, Range 6 West; Section 34, Township 3 North, Range 2 East; Section 36, Township 23 North, Range 4 West; Sections 26, 34 through 36, Township 23 North, Range 6 West; Section 24, Township 23 North, Range 7 West; Section 9 and 29, Township 23 North, Range 9 West; and Section 28, Township 23 North, Range 15 West.

(ii) *Depth.* The Cotton Valley Sandstone Formation is defined as that interval encountered between the measured depths of 9,740 feet and 11,421 feet on the induction electrical log of the Phillips Petroleum Company—Martin B No. 1 Well located in Section 32, Township 11 North, Range 10 West, Natchitoches Parish, Louisiana.

(38) *Gray Sand, Reservoir A in Louisiana.* RM79-76 (Louisiana-4).

(i) *Delineation of formation.* The Gray Sand, Reservoir A, consists of interbedded sandstone, limestone and shale, and is found in the following portions of Lincoln and Claiborne Parishes, north Louisiana: T18N-R4W, Sections 3-6; T18N-R5W, Section 1; T19N-R4W, Sections 3-10, 15-23, 26-34; T19N-R5W, all Sections; T19N-R6W, Sections 1, 12, 13, 24, 25, 36.

(ii) *Depth.* The Gray Sand, Reservoir A, is defined as that sand occurring between the measured depths of 12,840 feet, and 13,350 feet on the induction log of the IMC Exploration Company—Eugene Tinsley *et al.* No. 1 Well located in Section 33, Township 19 North, Range 4 West, Lincoln Parish.

(39) *Basal Pennsylvanian Sand Formation in Alabama.* RM79-76 (Alabama-1).

(i) *Delineation of formation.* The Basal Pennsylvanian Sand Formation is found in Townships 14, 15, and 16 South, Ranges 2, 3, and 4 West, and Townships 15, 16, 17, and 18 South, Ranges 5, 6, and 7 West, in Jefferson, Walker and Tuscaloosa Counties, Alabama.

(ii) *Depth.* The Basal Pennsylvanian Sand Formation is a series of massive sand 300 to 600 feet thick, extending from the base of the Black Creek coal seam to the base of the Pennsylvanian series.

(40) *Dakota Formation in Colorado.* RM79-76 (Colorado-15).

(i) *Delineation of formation.* The Dakota Formation is found in Mesa, Garfield, and Rio Blanco Counties, Colorado, and consists of all or portions of Townships 3 through 8 South, Ranges 98 through 103 West, 6th P.M.

(ii) *Depth.* The depth to the top of the Dakota Formation ranges from 5,480 feet to 9,225 feet, and averages 6,993 feet. The base of the Dakota Formation is found at the top of the Cedar Mountain Sandstone Formation.

(41) *Ravencliff Formation in West Virginia.* RM79-76 (West Virginia-1).

(i) *Delineation of formation.* The Ravencliff Formation underlies portions of Fayette and Raleigh Counties, West Virginia.

(ii) *Depth.* The Ravencliff Formation lies below the Princeton Sandstone and above the Maxton Sandstone. The Ravencliff Formation ranges in thickness from thin sand stringers in the eastern portion of the two counties, to a maximum thickness of 140 feet in the central portion of the designated area.

(42) *Injun-Squaw Formation in West Virginia.* RM79-76 (West Virginia-1).

(i) *Delineation of formation.* The Injun-Squaw Formation underlies portions of Fayette and Raleigh Counties, West Virginia.

(ii) *Depth.* The Injun-Squaw Formation lies below the Big Lime-Keener Formation and above the Weir Formation. The Injun-Squaw Formation ranges in thickness from a maximum of 20 feet in northwestern Fayette County, to thin stringers to the south and east.

(43) *Weir Formation in West Virginia.* RM79-76 (West Virginia-1).

(i) *Delineation of formation.* The Weir Formation underlies portions of Fayette and Raleigh Counties, West Virginia.

(ii) *Depth.* The Weir Formation lies approximately 200 feet below the Injun-Squaw Formation and approximately 200 feet above the Berea Formation. The Weir Formation ranges in thickness from 50 to 80 feet in the northeastern portion of the designated area, to 100 feet in the southern portion of the area.

(44) *Berea Formation in West Virginia.* RM79-76 (West Virginia-1).

(i) *Delineation of formation.* The Berea Formation underlies portions of Fayette and Raleigh Counties, West Virginia.

(ii) *Depth.* The Berea Formation lies approximately 200 feet below the Weir Formation. The Berea Formation ranges in thickness from 55 feet in northwestern Fayette County, to thin shaley sandstone stringers in the southern portion of designated area.

(45) *The Morrow Formation in Colorado.* RM79-76 (Colorado-10).

(i) *Delineation of formation.* The Morrow Formation is found in Kiowa County, Colorado. It is located north of the town of Lamar in southeastern Colorado, and underlies all of Township 18, South, Range 45 West, 6th p.m.

(ii) *Depth.* The Morrow Formation is defined as that formation occurring at an average measured depth of 4,50 feet.

(46) *Wasatch/Mesaverde Formation in Utah.* RM79-76 (Utah-1).

(i) *Delineation of formation.* The Wasatch/Mesaverde Formation is found in the Bitter Creek—Red Wash area of Uintah County, Utah, and in the general area of Township 7 South through 12 South, and Ranges 18 East through 25 East.

(ii) *Depth.* The average depth to the top of the Wasatch/Mesaverde Formation is 4,559 feet.

(47) *Fox Hills Formation in Wyoming.* RM79-76 (Wyoming-4).

(i) *Delineation of formation.* The Fox Hills Formation is found in Sweetwater County, Wyoming, in Township 16 North, Ranges 97 through 99 West; Township 17 North, Ranges 9 through 98 West; Township 17 North, Range 99 West, Sections 24 through 28 and 33 through 36; Township 1 North, Ranges 96 and 97 West; and Township 18 North, Range 98 West, Sections 24 through 26 and 34 through 36.

(ii) *Depth.* The Fox Hills Formation vertical limits are defined by the Lance Formation above and the Lewis Shale below. The average depth to the top of the Fox Hills Formation is 7,41 feet.

(48) *Edwards Limestone Formation in Texas.* RM79-76 (Texas-10).

(i) *Delineation of formation.* The Edwards Limestone Formation is encountered in the following named fields. These fields are found along the Gulf coast in the southeastern part of Texas in DeWitt, Karnes, and Lavaca Counties, Railroad Commission District 2.

DeWitt County: Yoakum (Edwards) Field
Karnes County: Kennedy, East (Edwards) Field
Lavaca County: Sweethome (Edwards) Field
Lavaca County: Word (Edwards) Field
Lavaca County: Word, North (Edwards) Field
Lavaca County: Yoakum (Edwards) Field

(ii) *Depth.* The top of the Edwards Limestone Formation, in the west, is at approximately 13,460 feet and the base is undetermined. In the east, the top of the formation is at an approximate depth of 13,150 feet and the base is at 14,500 feet resulting in a thickness of approximately 1,350 feet.

(iii) *Live Oak County*—(A) *Delineation of formation.* The Edwards Formation is found to the north of the City of Three Rivers in Live Oak County, Texas, Railroad Commission District 2. The designated area is bounded on the south by the Frio River and includes the following surveys: Mrs. M. D. Proctor A-904, A. E. Brown A-828, John Hefferman A-11, Bridget Haughey A-9, Thos. Henry A-13, Partick Henry A-12, Simon Ryan A-35, Lewis Ayers A-2, Walter Henry A-15, Daniel O'Boyle A-32, Mark Killely A-20, S. M. & S. A. A-442, S. M. & S. A. A-443, Lawrence Jacobs A-659, and G. H. & H. R. R. A-205.

(B) *Depth.* The top of the Edwards Formation varies in depth from approximately 12,000 feet subsea on the eastern side of the designated area to 14,000 feet subsea on the west side.

(iv) *Karnes County*—(A) *Delineation of formation.* The Edwards Limestone Formation is located in Karnes County, Texas, Railroad Commission District 2. The designated area is all that portion of the Kennedy S.W. (Edwards) Field within the area encompassed by a circle 1.5 miles radially distant from and centered upon the Estelle Rolf Gas Unit No. 2, Well No. 2. The Estelle Rolf Gas Unit No. 2, Well No. 2 is located in the Carlos Martinez Survey A-6, Estelle Rolf lease, at a point 660 feet from the southwest leaseline and 1,250 feet from the southeast leaseline.

(B) *Depth.* The top of the designated portion of the Edwards Limestone Formation ranges from 12,500 feet to 13,500 feet below sea level. The average depth to the top of the Edwards Limestone Formation in the designated area is 13,042 feet.

(49) *Upper Hosston Formation in Mississippi.* RM79-76 (Mississippi-1).

(i) *Delineation of formation.* The Upper Hosston Formation is found in the south half of Township 9 North, Range 19 West, Jefferson Davis County, Mississippi.

(ii) *Depth.* The top of the Upper Hosston Formation varies from 14,000 feet to 14,700 feet and the base of the formation is at approximately 15,900 feet.

(50) *The Rea Sand of the Mississippian Formation in Mississippi.* (Mississippi-2).

(i) *Delineation of formation.* The Rea Sand of the Mississippian Formation is found in portions of Township 16 South, Range 5 East; Township 17 South, Range 5 East; Township 16 South, Range 6 East; and Township 17 South, Range 6 East, in Clay County, Mississippi.

(ii) *Depth.* The Rea Sand of the Mississippian Formation occurs at depths ranging from 8,865 feet to 9,975 feet and varies in thickness from 30 feet to 160 feet.

(51) *The Mancos "B" Formation in Utah.* RM79-76 (Utah-2).

(i) *Delineation of formation.* The Mancos "B" Formation is found in the southeast Uinta Basin, underlying portions of Uintah and Grand Counties, Utah, in Township 13 South, Ranges 20 through 22 East, Sections 31 through 36; Township 13 South, Ranges 23 through 26 East, all Sections; Township 14 and 15 South, Ranges 20 through 26 East, all Sections; Township 15½ South, Ranges 23 through 25 East, Sections 31 through 36; Township 15½ South, Range 26 East, Sections 31 through 33; Township 16 South, Ranges 23 and 24 East, all Sections; Township 16 South, Range 25 East, Sections 1 through 12; and Township 16 South, Range 26 East, Sections 4 through 9.

(ii) *Depth.* The average depth to the top of the Mancos "B" Formation is 5,049 feet.

(52) *Frontier Formation in Wyoming.* RM79-76 (Wyoming-5).

(i) *Delineation of formation.* The Frontier Formation is located in Carbon County, Wyoming, in Township 14 North, Range 89 West, Sections 5 through 8, 17 through 20, 29 and 30; Township 14 North, Range 90 West, Sections 1 through 5, 8 through 17, and 21 through 28; Township 15 North, Range 89 West, Sections 18 through 20, and 29 through 32; all of Township 15 North, Range 90 West, excluding Sections 1 and 31; Township 15 North, Range 91 West, Sections 1 and 12; Township 16 North, Range 90 West, Sections 19, 20, and 28 through 34; and Township 16 North, Range 91 West, Sections 24, 25 and 36.

(ii) *Depth.* The top of the Frontier Formation is found at depths ranging from 5500 feet in the east to 7500 feet in the west, and averaging 6000 feet. The Frontier Formation is defined as that formation found immediately beneath the Carlisle Shale and immediately above the Mowry Shale.

(53) *Frontier Formation in Wyoming.* RM79-76 (Wyoming-7).

(i) *Delineation of formation.* The Frontier Formation is located in Lincoln, Sweetwater and Sublette Counties, Wyoming, in Townships 25 throught 28 North, Ranges 110 and 111 West; and Township 28 North, Range 112 West, Sections 1 through 4, 9 through 16, 21 through 28, and 33 through 36.

(ii) *Depth.* The Frontier Formation's vertical limits are defined by the Baxter Shale Formation above and the Mowry Shale Formation below. The depth to the top of the Frontier Formation varies from 9,000 to 10,500 feet.

(54) *The Bear River Formation in Wyoming.* RM 79-76 (Wyoming-6).

(i) *Delineation of formation.* The Bear River Formation is found in Lincoln, Sweetwater and Sublette Counties, Wyoming, in Townships 25 through 28 North, Ranges 110 and 111 West; and Township 28 North, Range 112 West, Sections 1 through 4, 9 through 16, 21 through 28, and 33 through 36.

(ii) *Depth.* The Bear River Formation's vertical limits are defined by the Mowry Shale Formation above and the Thermopolis Shale Formation below. The depth to the top of the Bear River Formation varies from 9,400 feet to 11,200 feet.

(55) *The Medina Group in Pennsylvania.* RM79-76 (Pennsylvania-1).

(i) *Delineation of formation.* The Medina Group is found in Erie, Crawford, Mercer, Venango and Warren Counties, Pennsylvania.

(ii) *Depth.* The Medina Group is defined as that formation occurring within the Lower Silurian System between the Reynales Dolomite and the Queenston Shale, found at an approximate depth of 3,000 feet in the updip area, dipping to the southeast at approximately 50 feet per mile.

(56) *The Berea Formation in Virginia.* RM79-76 (Virginia-1).

(i) *Delineation of formation.* The Berea Formation is found in the Plateau Region of southwestern Virginia an area including all of Dickenson County, and parts of Lee, Scott, Wise Russell, Buchanan and Tazewell Counties, Virginia.

(ii) *Depth.* The thickness of the Berea Formation ranges from 20 feet to 125 feet, thickening toward the central portion of the Plateau Region. The depth to the top of the Berea Formation ranges from 3,365 feet in northern Buchanan County to 6,02 feet in eastern Buchanan County.

(57) *The Frio Formation in Texas* RM79-76 (Texas-12).

(i) *Delineation of formation*—The Frio Formation is encountered in the LaSal Vieja (8 9680-9935) Field, located in the central portion of Willacy County, Texas Railroad District No. 4

(ii) *Depth.* The top of the Frio Formation is located at approximately 9,635 feet below sea level and extends to approximately 9,887 feet, giving it a maximum thickness of 252 feet.

(58) [Reserved]

(59) *Atoka Formation in Oklahoma* RM79-76 (Oklahoma-1).

(i) *Delineation of formation.* The Atoka formation is found in Washita County, Oklahoma, in Township North, Range 14 West, Sections through 11; Township 9 North, Range 15 West, Sections 1 through 3, 11 and 12; Township 10 North, Range West, Section 5 through 8, 17 through 21, and 27 through 35; Township North, Range 15 West, Sections through 30, 33 through 36; Township

10 North, Range 16 West, Sections 1 through 5, 8 through 14, 24 and 25; Township 11 North, Range 16 West, Sections 16, 20 through 22, 27 through 29, and 32 through 35.

(ii) *Depth.* The Atoka formation is defined as the uppermost sandstone development in the Atoka Series of the Lower Pennsylvania System which underlies the Cherokee/Red Fork Group and overlies the post-13 Finger Lime shale. The average depth to the Atoka formation is approximately 14,800 feet.

(60) *The Dakota Formation in New Mexico.* RM79-76 (New Mexico-6).

(i) *Delineation of formation.* The Dakota Formation underlies portions of Townships 24 and 25 North, Ranges 7 through 10 West, in San Juan and Rio Arriba Counties, New Mexico. The producing interval of the Basin Dakota Field in the Dakota Formation is defined as beginning at the base of the Greenhorn Limestone, and extending to a point 400 feet below the base of the Greenhorn Limestone.

(ii) *Depth.* The average depth to the top of the Dakota Formation is 6,350 feet. The Dakota Formation begins at the base of the Greenhorn Limestone and is 200 to 350 feet in gross thickness.

(61) *Sussex Formation in Colorado.* RM79-76 (Colorado-16).

(i) *Delineation of formation.* The Sussex Formation is found in Weld County, Colorado, in Township 4 North, Range 66 West, 6th P.M., Sections 2, 3, and 10, Section 11-N½, Section 15-W ½; Township 5 North, Range 66 West, 6th P.M., Sections 33, 34, and 35.

(ii) *Depth.* The average depth to the top of the Sussex Formation is 4,400 and 4,500 feet.

(62) *Pictured Cliffs Formation in New Mexico.* RM79-76 (New Mexico-7).

(i) *Delineation of formation.* The Pictured Cliffs Formation is found in the San Juan Basin and underlies portions of Townships 30 and 31 North, Ranges 7 and 8 West, and Township 31 North, Range 6 West, NMPM, in San Juan and Rio Arriba Counties, New Mexico.

(ii) *Depth.* The average depth to the top of the Pictured Cliffs Formation is approximately 3,200 feet. The thickness of the Pictured Cliffs Formation ranges from 150 to 250 feet.

(63) *The Wilcox Formation in Texas.* RM79-76 (Texas-11).

(i) *Aviators—N. (12,000) Field*—(A) *Delineation of formation.* The Wilcox Formation found in the area of the Aviators, N. (12,000) Field, Webb County, Texas, is within a 2.5 mile radius around the Pennzoil Producing Company No. 53-1 B.M.T.-Alice B. Hall well and covers approximately 19.6 square miles.

(B) *Depth.* The top of the Wilcox Formation, Aviators, N. (12,000) Field is at approximately −11,085 feet subsea and is 114 feet thick.

(ii) *Roma—W. (Wilcox 10,100) Field*—(A) *Delineation of formation.* The Wilcox Formation found in the area of the Roma, W. (Wilcox 10,100) Field, Starr County, Texas, is within a 2.5 mile radius around the Border Exploration Company No. 1 H. P. Guerra Jr., *et al.* well and is adjacent to the Rio Grande River.

(B) *Depth.* The top of the Wilcox Formation, Roma, W. (Wilcox 10,100) Field is at approxiamtely 9,750 feet and extends to 10,750 feet, resulting in a total thickness of 1,000 feet.

(iii) *West Cole Field*—(A) *Delineation of formation.* The Wilcox Formation in the area of the West Cole Field, Webb County, Texas, is located approximately 36 miles east of the city of Laredo, Texas, and is within a 2.5 mile radius around the Forest Oil Corporation No. 1 Rosa V. de Benavides well.

(B) *Depth.* The top of the Wilcox Formation, West Cole Field, is at approximately 9,135 feet and extends to 10,315 feet (log depths) resulting in a total thickness of 1,180 feet.

(iv) *Taquachie Creek Field*—(A) *Delineation of formation.* The Wilcox Formation found in the area of the Taquachie Creek (Wilcox 11,162) Field, Zapata County, Texas, is located approximately 7 miles south of Mirando City, Texas, and is within a 2.5 mile radius around the Blocker Exploration Company No. 1-252 L. Amour Hinnant well.

(B) *Depth.* The top of the Wilcox Formation, Taquachie Creek (Wilcox 11,162) Field is log-measured at approximately 11,162 feet and extends to 11,200 feet, resulting in a total thickness of 38 feet.

(v) *Wilcox First Hinnant Formation in Jim Hogg County*—(A) *Delineation of formation.* The Wilcox First Hinnant Formation is located entirely within the northwestern portion of Jim Hogg County in south Texas, Railroad Commission District 4, approximately 7 miles northeast of the city of Randado, Texas. The designated area is rectangular and begins at a point at the southwest corner of Section 164, C. Gutierrez Survey A-145, then due north 22,700 feet to a point in Section 98, E. L. Armstrong A-3 Survey (scaled 2,100 feet FWL and 1,800 feet FSL of Survey), then due west 32,200 feet to a point in Los Animos, Heirs of Felipe de la Pena Grant, A-244 (scaled 9,200 feet FSL and 24,500 feet FEL of said Grant), then due south 22,700 feet to a point scaled on the common boundary between Section 578, R. L. Robinson A-267, and Section 575, W. W. Ferguson A-104, being 6,000 feet south of the north line of the common north boundary of said Sections 578 and 575, then due east 32,200 feet to point of beginning, comprising 16,700 acres, or approximately 26 square miles.

(B) *Depth.* The top of the Wilcox First Hinnant Formation is encountered at 12,292 feet in the Edwin L. Cox and Berry R. Cox, Martinez No. 1 Well. The thickness reaches a maximum of 100 feet in the Northeast Thompsonville Field area, located 4½ miles northwest of the Cox Martinez No. 1 well. Downdip from the Northeast Thompsonville Field area, at the Cox Martinez No. 1 well, the sand has noticeably thinned and become shalier, with a total thickness of 58 feet.

(vi) *South Campana (Wilcox 10,400′) Field*—(A) *Delineation of formation.* The Wilcox 10,400′ Formation is located in the South Campana (Wilcox 10,400′) Field in McMullen and Duval Counties, in south Texas, Railroad Commission Districts 1 and 4, approximately 18 miles northeast of Freer, Texas. The designated area includes all of the acreage within a 2.5 mile radius around the ARCO H. C. Edrington I No. 33 well, which is located in the southeast quarter of Section 61, A. B. & M. Survey, Abstract 43, McMullen County, Texas.

(B) *Depth.* The average depth to the top of the Wilcox 10,400′ Formation is approximately 10,890 feet. The subject formation averages from 10 to 12 feet in thickness within the geographical area.

(64) *Mesaverde Formation in Colorado.* RM79-76 (Colorado-17).

(i) *Delineation of formation.* The Mesaverde Formation is found in Garfield County, Colorado, in Township 6 South, Range 93 West, 6th P.M., Sections 3 through 10, 15 through 22, 27 through 34; Township 6 South, Range 94 West, 6th P.M., Sections 1 through 3, 7 through 36; Township 6 South, Range 95 West, 6th P.M., Sections 25 through 36; Township 7 South, Range 94 West, 6th P.M., Sections 1 through 9, 16 through 18; Township 7 South, Range 95 West, 6th P.M., Sections 1 through 24, 27 through 34; Township 7 South, Range 96 West, 6th P.M., Sections 1 through 36; Township 8 South, Range 96 West, 6th P.M., Sections 1 through 6.

(ii) *Depth.* The Mesaverde Formation is defined as that formation encountered between the base of the Wasatch Formation (Tertiary) and the top of the Mancos shale. The average depth to the top of the Mesaverde Formation is 4,475 feet.

(65) *The Upper Mancos Formation in Colorado.* RM79-76 (Colorado-20).

(i) *Delineation of formation.* The Upper Mancos Formation is found in Rio Blanco County, Colorado, in Townships 2 and 3 South, Ranges 100 and 101 West, 6th P.M.

(ii) *Depth.* The Upper Mancos Formation is defined as being between the base of the Mesaverde Formation and the top of the Lower Mancos Formation. The average depth to the top of the Upper Mancos Formation is 1,800 feet.

(66) *Medina Group in New York.* RM79-76 (New York-1).

(i) *Delineation of formation.* The Medina Group is found in Chautauqua and Cattaraugus Counties, New York (and is equivalent to the U.S. Geological Survey's Albion Group). The Medina Group consists of the Grimsby Sandstone Formation, the Power Glen Shale Formation (also known as the

Cabot Head Shale Formation), and, where present, the Whirlpool Sandstone Formation. The Medina Group is bounded by the overlying Thorold Formation, where present. Where the Thorold Formation is not present, the Medina group is overlaid by the Reynales Limestone Formation (also known as the "Packer Shell"). The Queenston Shale Formation is the underlying boundary of the Medina Group. Excluded from the delineated Medina Group are any Medina gas storage areas, including buffer zones, or any area within "existing" Medina fields that have been substantially developed absent an incentive price.

(ii) *Depth.* The average depth to the top of the Medina Group is approximately 3,850 feet with a range to the top of the formation of 1,700 to 6,000 feet. The average pay thickness of the formation is 55 feet.

(67) *Morrison Formation in Utah.* RM 79-76 (Utah-4).

(i) Delineation of formation. The Morrison formation is found is the Book Cliffs area of Grand, Emery, and Uintah Counties, Utah, in the area of Townships 15 South through 20 South, and Ranges 17 East through 24 East.

(ii) *Depth.* The average depth to the top of the Morrison Formation is 6,315 feet. The Morrison Formation averages 600 feet in thickness with the vertical limits defined by the Dakota Formation above and the Entrada Formation below.

(68) *Smackover C Zone in Louisiana.* RM79-76-221 (Louisiana 5 and 5 Addition).

(i) *Delineation of formation.* The Smackover C Zone is found within the East Dykesville Field in Clairborne and Webster Parishes, Louisiana, in the area of Township 22 North, Range 8 West, Sections 3-10, 15-18; Township 22 North, Range 9 West, Sections 1-18; Township 23 North, Range 8 West, Sections 30-34; and Township 23 North, Range 9 West, Sections 25-36.

(ii) *Depth.* The Smackover C Zone occurs between the measured depths of 11,290 feet and 11,340 feet on the induction electrical log of the Wheless Industries—Pelto Oil—Guy Lewis *et al.* No. 1 well and between 11,534 feet and 11,568 on the electric log of the Cities Service Oil and Gas Corporation—Hearn No. 1 well.

(69) *James Lime Formation in Louisiana.* RM79-76 (Louisiana-6).

(i) *Delineation of formation.* The James Lime Formation is found in the Benson Field in the southern portion of De Soto Parish, Louisiana, in the area of Township 10 North, Range 13 West, Sections 1-18; Township 10 North, Range 14 West, Sections 1-18; Township 11 North, Range 13 West, Sections 1-36; and Township 11 North, Range 14 West, Sections 1-36.

(ii) *Depth.* The top of the James Lime Formation is encountered at approximately −5,072 feet subsea in the northwest portion and at approximately −5,400 feet subsea in the southern portion. It is situated directly below the Bexar Formation and above the Pine Island Formation. The maximum thickness of the formation is approximately 260 feet.

(70) *Wolfcamp Formation in Texas.* RM79-76 (Texas-14).

(i) *Wolfcamp Formation in the Gomez,* NW. (Wolfcamp) Fields—(A) *Delineation of formation.* The specific areas of the Wolfcamp Formation are found in (*1*) the Gomez, NW. (Wolfcamp) Field, in northern Pecos County northwest of Fort Stockton, Texas, underlying approximately 24,457 acres, and in (*2*) the Wolf (Wolfcamp) Field, in the extreme southwestern portion of Loving County, between the town of Mentone, Texas, and the Pecos River in Sections 78-82, Block 33, H&TC RR Company Survey.

(B) *Depth.* The top and base of the Wolfcamp Formation are encountered at the approximate depths of 11,384 feet and 11,720 feet, respectively, in the Gomez, N.W. (Wolfcamp) Field, and at the approximate depths of 10,118 feet and 10,696 feet, respectively, in the Wolf (Wolfcamp) Field.

(ii) *Wolfcamp Formation in Sutton County*—(A) *Delineation of Formation.* The Wolfcamp Formation is found in Sutton County, Texas, Railroad Commission District 7C. The designated area consists of Sections 50, 51, 55, 56, 57, and 77, Block B, H. E. & W. T. RR Survey.

(B) *Depth.* The Wolfcamp Formation in the designated area lies at a subsea depth of approximately 2,400 feet, with an approximate thickness of 1,270 feet. The Wolfcamp Formation in the designated area is defined as that interval found between the log depths of 3,530 feet to 4,800 feet in the William Perlman Fields 50 No. 1 well.

(71) *Niobrara Formation in Nebraska.* RM79-76 (Nebraska—1).

(i) *Delineation of formation.* The Niobrara Formation is found in all of Chase, Deuel, Dundy, Hitchcock, Keith, Lincoln and Perkins Counties, the western half of Frontier County (Townships 5 through 8 North, Ranges 27 through 30 West), the eastern half of Cheyenne County (Townships 12 through 17 North, Ranges 46 through 49 West), and the southern most third of Garden County (Townships 15 through 19 North, Ranges 41 through 46 West), Nebraska.

(ii) *Depth.* The Niobrara Formation underlies the Pierre Shale Formation and overlies the Fort Hays Limestone Formation. The depth to the top of the Niobrara Formation ranges from 900 to 4,000 feet and averages 2,450 feet.

(72) *Frontier Formation in Wyoming.* RM79-76 (Wyoming-8).

(i) *Delineation of formation.* The Frontier Formation is found in Lincoln, Sublette, and Sweetwater Counties, Wyoming, encompassing all or parts of Townships 25 and 26 North, Range 109 West; Township 29 North, Range 111 West; Townships 26 through 31 North, Range 112 West; and Townships 28 through 31 North, Range 113 West.

(ii) *Depth.* The Frontier Formation's vertical limits are defined by the Baxter Shale Formation above the Mowry Shale, Formation below. The gross thickness of the formation varies from 50 to 150 feet. The average depth to the top of the Frontier Formation is 7,700 feet.

(73) *Massive "A" Sand Formation in Texas.* RM79-76 (Texas-17).

(i) *Delineation of formation.* The Massive "A" Sand Formation is found in the Chapa, East Field in southwestern Live Oak County, Texas, Railroad Commission District 2. The formation is described by a 2.5 mile radius around the Aminoil USA, Inc., El Paso Natural Gas No. 5 well located in Section 299, Hooper & Wade A-250 Survey, approximately 4 miles east the McMullen County line.

(ii) *Depth.* The average depth to the top of the Massive "A" Sand Formation is approximately 11,600 feet and the thickness varies from 220 feet the northwest to 560 feet in the southeast.

(74) *Navarro Formation in the Laredo Field in Texas.* RM79- (Texas-13).

(i) *Delineation of formation.* The Navarro Formation in the Laredo Field is found in Webb County, Texas Railroad Commission District 4.

(ii) *Depth.* The depth to the top of the Navarro Formation in the Laredo Field is approximately −7,227 feet (subsea) in the northwest portion of the area. The base of the Navarro Formation is found at −7,735 feet (subsea) in the southeastern portion of the area. The maximum thickness of the Navarro Formation is approximately 28 feet.

(75) *The Dakota Formation in Colorado.* RM79-76 (Colorado-18).

(i) *Delineation of formation.* The Dakota Formation underlies portions of Townships 32, 33 and 34 North (South of Ute Line), Ranges 6 through 11 West, in La Plata and Archuleta Counties, Colorado, and it is within the Ignatio-Blanco Field.

(ii) *Depth.* The Dakota Formation below the Graneros Shale and above the Morrison Formation. The average depth to the top of the Dakota Formation is 7,950 feet. The formation is approximately 225 to 250 feet in thickness.

(76) *Mesaverde Formation Colorado.* RM79-76 (Colorado-19).

(i) *Delineation of formation.* The Mesaverde Formation underlies Townships 32, 33 and 34 North (South of Ute Line), Ranges 6 through West, in La Plata and Archuleta Counties, Colorado. The formation is within the Ignacio-Blanco Field.

(ii) *Depth.* The Mesaverde Formation is below the Lewis Shale Formation and above the Mancos Shale Formation. The average depth to the of the Mesaverde Formation is feet. The formation is approximately 900 feet in thickness.

APPENDIX

R6W T32N: Sections 5 S½, 6, 7, 8 W½, 10 W½, 12 S½, 13 S½, 14 N½, 15 W½, 16, 17 W½, 18, 19, 20 W½, 24 E½, and E½ of W 42.

R7W T32N: Sections 1-16, 17 N½, 18-22, 23 W½, 24 E½ and E½ of W½.

R7W T33N: Sections 7 E½, 8 S½, 15, 16 S½, 17 N½, 18 W½, 19 W½, 21, 22 N½, 23 S½, 25 S½, 26, 27 W½, 28 W½, 19 W½, 30-33, 34 E½, 35 and 36.

R8W T32N: Sections 1-3, 4 N½, 5, 6 W½, 9 E½, 10 E½, 11-14, 15 E½, 17 S½, 18, 19 W½, and W½ of E½, 22 E½ of E½, 23 and 24.

R8W T33N: Sections 1, 2, 3 S½, 4 S½, 5-9, 10 S½, 11 S½, 15-23, 24 S½, and 25-36.

R9W T32N: Sections 1 N½, 2 S½, 3 S½, 4 S½, 5 E½, 6-9, 10 S½, 11 S½, 13 N½, 15 W½, 16, 17, 18 E½, 19 W½, and W½ of E½.

R9W T33N: Sections 1 N½, 2 S½, 3 N½, 4-14, 15 W½, 17-20, 22, 23 S½, 24 W½, 25-28, 29 E½, 30, 31, 32 W½, 33, 34 S½, 35, and 36 W½.

R9W T34N: Sections 19 W½, 29 E½, 30 through 32, 33 W½.

R10W T32N: Sections 1, 2, 3 E½, 4 S½, 5 N½, 6 N½, 7, 8, 9 N½, and 10-24.

R10W T33N: Sections 1 W½, 2, 3, 4 S½, 5 S½, 6, 8, 9 W½, 10-15, 21 W½, 22 S½, 23, 24, 25 E½, 26, 27, 28 S½, 29 S½, 30 E½, 31 E½, 32 and 34-36.

R10W T34N: Sections 24 S½, 25, 26 E½, 27 S½, 28 S½, 31 S½, 32 N½, 33 N½, 34, 35 E½ and 36.

R11W T32N: Sections 1, 10-16, 18 S½, and 19-24.

R11W T33N: Sections 14 N½, 25 E½, 27 E½, and 34 S½.

(77) *Frontier Formation in Wyoming.* RM79-76 (Wyoming-9).

(i) *Delineation of formation.* The Frontier Formation is found in Sweetwater County, Wyoming, in Townships 23, 24 and 25 North, Ranges 101 and 102 West; Townships 24, 25 and 26 North, Range 103 West; and Townships 24 and 25 North, Range 104 West.

(ii) *Depth.* The Frontier Formation is defined as being between the base of the Baxter Formation and the top of the Mowry Formation. The average depth to the top of the Frontier Formation is 9,500 feet.

(78) *Frontier Formation in Wyoming.* RM79-76 (Wyoming-10).

(i) *Delineation of formation.* The Frontier Formation is found in Sweetwater and Lincoln Counties, Wyoming, and encompasses Township 24 North, Range 114 West, Sections 1 and 12; Township 25 North, Ranges 112 and 113 West; Townships 26 North, Range 112 West, Sections 4, 9, 16 and 19-36; and Township 26 North, Range 113 West, Sections 25-36.

(ii) *Depth.* The vertical limits of the Frontier Formation are defined by the Baxter Shale above and the Mowry Shale below. The gross thickness of the formation averages between 200 and 250 feet, and the average depth to the top of the Frontier Formation is 8,500 feet.

(79) *The Lewis Formation in Wyoming.* RM79-76 (Wyoming-11).

(i) *Delineation of formation.* The Lewis Formation is found in Carbon and Sweetwater Counties, Wyoming, encompassing all or parts of:

Townships 21 and 22 North, Range 89 West
Townships 19 through 25 North, Range 90 West
Townships 13, 14, 18 through 21, and 23 through 25 North, Range 91 West
Townships 13 through 21 and 23 through 25 North, Range 92 West
Townships 13 through 25 North, Range 93 West
Townships 12 through 25 North, Range 94 West
Townships 12 through 25 North, Range 95 West
Townships 12 through 26 North, Range 96 West
Townships 12 through 26 North, Range 97 West
Townships 12 through 17 and 22 through 26 North, Range 98 West
Townships 12 through 16 and 22 through 26 North, Range 99 West
Townships 14 through 16 and 23 through 26 North, Range 100 West

(ii) *Depth.* The Lewis Formation's vertical limits are defined by the Fox Hills Formation above, or in the case where the Fox Hills Formation is not present, the Lance Formation above, and the Mesa Verde Formation below. The average depth to the top of the Lewis Formation is 7,800 feet.

(80) *Nugget Formation in Wyoming.* RM79-76 (Wyoming-12).

(i) *Delineation of formation.* The Nugget Formation is found in Carbon County, Wyoming, in Township 21 North, Range 79 West, Sections 3 through 10, and 15 through 18; and Township 22 North, Range 79 West, Sections 31 through 34.

(ii) *Depth.* The vertical limits of the Nugget Formation are the Basal Sundance Formation above and the Chugwater Formation below. The average depth to the top of the Nugget Formation is 11,690 feet.

(81) *Mesaverde Formation (including the Rollins Member) in Colorado.* RM79-76 (Colorado—22).

(i) *Delineation of formation.* The Mesaverde Formation is located in the southeast portion of the Piceance Basin in Garfield, Mesa, Delta, Pitkin and Gunnison Counties, Colorado, approximately 15 miles northeast of the city of Grand Junction, Colorado. The Mesaverde Formation underlies Townships 6 through 11 South, Ranges 89 through 97 West, 6th P.M., with certain specified exclusions.

(ii) *Depth.* The Mesaverde Formation varies in thickness from zero to approximately 6,000 feet with its base defined as the bottom of the Rollins Members. The average depth to the top of the Mesaverde Formation is 5,641 feet.

(82) *Cozzette Formation in Colorado.* RM79-76 (Colorado—22).

(i) *Delineation of formation.* The Cozzette Formation is located in the southeast portion of the Piceance Basin in Garfield, Mesa, Delta, Pitkin and Gunnison Counties, Colorado, approximately 15 miles northeast of the city of Grand Junction, Colorado. The Cozzette Formation underlies Townships 6 through 11 South, Ranges 89 through 97 West, 6th P.M., with certain specified exclusions.

(ii) *Depth.* The Cozzette Formation is a member of the Upper Mancos Formation. The average depth to the top of the Cozzette, Formation is 6,869 feet.

(83) *Corcoran Formation in Colorado.* RM79-76 (Colorado—22).

(i) *Delineation of formation.* The Corcoran Formation is located in the southeast portion of the Piceance Basin in Garfield, Mesa, Delta, Pitkin and Gunnison Counties, Colorado, approximately 15 miles from the city of Grand Junction, Colorado. The Corcoran Formation underlies Townships 6 through 11 South, Ranges 89 through 97, West, 6th P.M., with certain specified exclusions.

(ii) *Depth.* The Corcoran Forma is a member of the Upper Mancos F mation. The average depth to the of the Corcoran Formation is 7 feet.

APPENDIX—AREAS NOT COVERED BY TIGHT FORMATION DESIGNATION DOCKET NO. RM79-76 (COLORADO—2

(1) The area designated by the Com sion as a tight formation in Docket RM79-76 (Colorado—5), Order No. under § 271.703 for the Rollins, Corc and Cozzette Formation.

(2) Township 10 South, Range 95 W 6th P.M., Sections 17, 18, 19, 30, and To ship 10 South, Range 96 West, 6th P Sections 12, 13, 23 through 28, 33m for Rollins, Cozzette and Corcoran Formatio (Infill Drilling)

(3) Township 9 South, Range 97 West, P.M., Sections 1 through 24, 26 through and Township 10 South, Range 97 West, P.M. Sections 2 through 11, for the Coz and Corcoran. (Designated in Order No. Docket No. RM79-76 (Colorado—9))

(4) The area designated in Docket RM79-76 (Colorado—12) Order No. under § 271.703 for the Cozzette, and Cor ran.

(5) Township 6 South, Range 93 West, P.M., Sections 5, 6, 7, 8, 17, 18, 19, 20 Township 6 South, Range 94 West, 6th P Sections 1, 2, 3, 8 through 17, 19 through 27 through 33, for the Mesaverde For tion. (Designated in Order No. 205, Doc No. RM79-76 (Colorado—17))

(6) The Wolf Creek Unit area. (Storag

(84) *Berea Sandstone and "Second Berea" zone of the Bed Shale in Ohio.* RM79-76 (Ohio-2) RM79-76-177 (Ohio-2 Addition).

(i) *Delineation of formation.* Berea Sandstone and the "Seco Berea" zone of the Bedford Sh occur within the Lower Mississip System. The Berea Sandstone called the "First Berea" or "Be Grit") lies above the Bedford Sh which includes the "Second Ber zone near its base. The Berea Sa stone is found in the following ships:

*Athens County:* Alexander, Athens, Bern, Canaan, Carth Dover, Lodi, Rome, Troy.

*Belmont County:* Somerset, Wa ington, Wayne, York.

*Gallia County:* Addison, Ches Gallipolis, Springfield (Sections through 12).

*Meigs County:* all except Columb

*Monroe County:* all.

*Morgan County:* all.

*Muskingum County:* Blue Rock, Meigs, Rich Hill, Salt Creek, Wayne (Sections 29 and 32).

*Noble County:* all.

*Perry County:* Bearfield (Sections 1, 2, 3, 10 through 15, 22 through 27).

*Washington County:* all.

The "Second Berea" zone of the Bedford Shale is found in the following townships:

*Athens County:* Alexander, Ames, Athens, Ber..., Canaan, Carthage (Sections 25, 26, 29 through 36, Fractions 24, 32 through 35), Dover, Lodi, Rome.

*Gallia County:* Addison, Cheshire, Gallipolis, Springfield (Sections 1 through 12).

*Meigs County:* Bedford (All sections except 1 through 4), Orange (Sections 35 and 36), Rutland, Salem, Salisbury, Scipio.

*Morgan County:* Bloom, Bristol, Deerfield, Homer, Malta, Marion, Meigsville (Sections 5, 6, 7, 8, 18, 19), Morgan, Penn, Union, York.

*Muskingum County:* Blue Rock, Meigs, Rich Hill, Salt Creek, Wayne (Sections 29 and 32).

*Perry County:* Bearfield (Sections 1, 2, 3, 10 through 15, 22 through 27).

*Washington County:* Wesley (Section 6).

(ii) *Depth.* The vertical limits of the designated interval are defined by the base of the Sunbury Shale (called "Coffee Shale" by drillers) above and the top of the Upper Devonian Ohio Shale below. The depth to the top of the interval ranges from approximately 1,000 feet to 2,400 feet. The Berea Sandstone ranges from 10 to 54 feet in thickness, and the "Second Berea" zone of the Bedford Shale has a maximum thickness of 36 feet. The "Second Berea" is separated from the Berea Sandstone by approximately 10 to 50 feet of red to gray shales and siltstones.

(85) *Chacra Formation in New Mexico.* RM79-76 (New Mexico-10).

(i) *Delineation of formation.* The Chacra Formation is found in Township 21 North, Range 5 West, Sections , 7, 8, 16 through 22 and 26 through 3; Township 21 North, Range 6 West, Sections 1 through 18, 20 through 27, 5 and 36; Township 21 North, Range 7 West, Sections 1 through 4, and 10 through 13; Township 22 North, Range 6 West, Sections 6, 7, 8, 16 through 22, and 26 through 36; and Township 22 North, Range 7 West, Sections 1 through 36, NMPM in Sandoval County, New Mexico. The formation is on the Chaco Slope of the Southern San Juan Basin.

(ii) *Depth.* The Chacra Formation averages 300 feet in thickness and is the uppermost sand formation below the Huerfanito bentonite bed. The average depth to the top of the Chacra Formation is 1,658 feet.

(86) *Mesaverde Formation in Colorado.* RM79-76 (Colorado—24).

(i) *Delineation of formation.* The Mesaverde Formation is found in the southwestern portion of Rio Blanco County, Colorado, about 70 miles northwest of the town of Grand Junction. The Mesaverde Formation is located in Township 1 South, Ranges 98 and 99 West, 6th P.M., all; Township 1 South, Range 100 West, 6th P.M. Sections 1 through 3, 10 through 15, 22 through 27, and 34 through 36; Township 2 Range 98 West, 6th P.M., Sections 4 through 8; Township 2 South, Range 99 West, 6th P.M., Sections 1 through 12, 15 through 22, and 27 through 34; and Township 2 South, Range 100 West, 6th P.M., Sections 1 through 3, 10 through 15, 22 through 27, and 34 through 36.

(ii) *Depth.* The Mesaverde Formation varies in thickness from 2,900 to 3,600 feet. The average depth to the top of the Mesaverde Formation is 6,693 feet.

(87) *Mancos Formation in Colorado.* RM79-76 (Colorado—24).

(i) *Delineation of formation.* The Mancos Formation is found in the southwestern portion of Rio Blanco County, Colorado, about 70 miles northwest of the town of Grand Junction. The Mesaverde Formation is located in Township 1 South, Ranges 98 and 99 West, 6th P.M., all; Township 1 South, Range 100 West, 6th P.M., Sections 1 through 3, 10 through 15, 22 through 27, and 34 through 36; Township 2 Range 98 West, 6th P.M., Sections 4 through 8; Township 2 South, Range 99 West, 6th P.M., Sections 1 through 12, 15 through 22, and 27 through 34; and Township 2 South, Range 100 West, 6th P.M., Sections 1 through 3, 10 through 15, 22 through 27, and 34 through 36.

(ii) *Depth.* The Mancos Formation is approximately 5,000 feet thick. The average depth to the top of the Mancos Formation is 9,495 feet.

(88) *Dakota Formation in New Mexico* RM79-76 (New Mexico—8).

(i) *Delineation of formation.* The Dakota Formation is found in Townships 30 and 31 North, Ranges 2 through 7, in San Juan and Rio Arriba Counties, New Mexico. The formation is within the Basin-Dakota Gas Pool, in the Rosa Area of the San Juan Basin.

(ii) *Depth.* The Dakota Formation is below the Graneros Shale Formation and above the Morrison Formation. The average depth to the top of the Dakota Formation is 7,950 feet. The formation is approximately 250 feet in thickness.

(89) *Pictured Cliffs Formation in New Mexico.* RM79-76-108 (New Mexico—11).

(i) *Delineation of formation.* The Pictured Cliffs Formation is found in the southeastern portion of the San Juan Basin in Rio Arriba County, New Mexico. The area is divided into two non-contiguous tracts described as Area A and Area B. Area A encompasses Township 25 North, Range 6 West, Sections 21, 22, 23, 26, 27, 28 NE/4, 34, 35, and 36 W/2. Area B encompasses Township 25 North, Range 7 West, Sections 4, 5 E/2, 8 NE/4, 9 N/2, and 10 N/2; Township 26 North, Range 6 West, Section 31; Township 26 North, Range 7 West, Sections 17 S/2, 18, 19 N/2, and SE/4, 20, 21, S/2, 22 S/2, 25 SW/4, 26 S/2, 27, 28, and 33 through 36.

(ii) *Depth.* The Pictured Cliffs Formation's vertical limits are defined by the Fruitland Formation above and the Lewis Shale Formation below. The average thickness through the formation is 70 feet, and the average depth to the top of the Pictured Cliffs Formation is 2,387 feet.

(90) *Hartselle Sandstone Formation in Alabama.* RM79-76-096 (Alabama-2).

(i) *Delineation of formation.* The Hartselle Sandstone Formation in Alabama is found in Township 11 South, Ranges 7 to 9 West and Township
South, Ranges 6 to 10 West, in W
ston County, and in Townships 12 t
17 South, Ranges 4 to 10 West, i
Walker County. The Jasper Field lo
cated in Township 13 South, Range
West, Sections 21 through 28, and
through 36, in Walker County, is e
cluded from the designation.

(ii) *Depth.* The depth of the form
tion varies from approximately
feet in the northern part of the form
tion, to 3,000 feet in the southern pa
It varies in thickness from zero feet
the downdip pinchout in souther
Walker County and along the weste
border of Walker County, to over
feet in northern Walker County an
southern Winston County.

(91) Vicksburg (9000′) Formation
Texas. RM79-76 (Texas—20).

(i) *Monte Christo Vicksburg*
*Formation*—(A) *Delineation of form*
*tion.* The Monte Christo Vicksbu
9000′ Formation is located in a porti
of Hidalgo County, Texas, and is
countered in portions of the followi
surveys: Jackson Subdivision of t
San Salvadore Del Tule Grant, Ju
Jose Balli Survey A-290; Section
Tex.-Mex. Ry. Co. Survey A-124; Se
tion 206 Tex.-Mex. Ry. Co. Survey
637; Section 207, Tex.-Mex. Ry. C
Survey A-126; Section 210, W.
Bomar Survey A-624; Section
Tex.-Mex. Ry. Co. Survey A-128; Se
tion 214; Macedonia Vela, Jr. Surv
A-623. Excluded from the designati
is a rectangular area in the Juan Jo
Balli Survey A-290, two sides of whi
extend due north and south, the nor
line being 750′ north of and the we
line being 750′ west of the Shell O
Co, Bright & Schiff Hamman #1 We
and the south side being 750′ south
the the east line being 750′ east of th
Shell Oil Co. Bright & Hamman
Well.

(B) *Depth.* The Monte Christo Vick
burg 9000′ Formation ranges from
depth of approximately 9000 feet
approximately 9700 feet, with a gr
average thickness of approximate
650 feet. The bottom of the formati
may extend as deep as 10,400 feet
the undeveloped areas.

(ii) *Monte Christo, South* (9000′) F
*mation*—(A) *Delineation of formati*
The Monte Christo, South (9000′) F

mation is located in the southern portion of Hidalgo County, Texas, Railroad Commission District 4. The designated area includes the following surveys: Macedonia Jr. Vela No. 214, A-623; Tex.-Mex. R.R. No. 215, A-130; W. T. Bomar No. 218, A-626; Jas. L. Hudson, A-649; Walter A. Hoffhein, A-797; W. H. Kozel, A-798; Tex.-Mex. R.R. No. 217, A-131; the northernmost 500 acres of both the Nicolas Zamora Porcion No. 48, A-76 and the Torebio Zamora Porcion No. 49, A-78; and the southernmost 900 acres of the northern 1,800 acres of the Francisco Cantu Porcion No. 80, A-570.

(B) *Depth.* The top of the Monte Christo, South (9000′) Formation varies from 8,750 feet subsea to 9,600 feet subsea. The maximum thickness of the formation is 1,030 feet.

(92) *James Limestone Formation in Texas.* RM79-76-172 (Texas-21).

(i) *Southern Shelby and Northern San Augustine Counties*—(A) *Delineation of formation.* The James Limestone Formation is found in northern San Augustine County and southern Shelby County, in Railroad District No. 6 in Texas. The area includes 67,900 acres surrounding and extending northwest of the city of San Augustine, Texas.

(B) *Depth.* The top of the James Limestone Formation ranges from −6,700 feet subsea in the north to −7,750 feet subsea in the south, with a thickness of approximately 202 feet.

(ii) *Shelby County*—(A) *Delineation of Formation.* The James Limestone Formation is located in Shelby County, Railroad Commission District 6, East Texas. The James Limestone Formation is included as a subdivision of the Trinity Group of Lower Cretaceous (Commanchean) Age.

(B) *Depth.* The James Limestone Formation ranges from approximately −5,100 feet subsea in the North to −6,700 feet subsea in the south. The James Limestone overlies the Pine Island Shale and underlies the Bexar Shale.

(93) *Berea Sandstone in Kentucky.* RM79-76-113 (Kentucky—1).

(i) *Delineation of formation.* The Berea Sandstone is delimited by the underlying Ohio Shale of Devonian age, also known as "Devonian Shale" or "Cinnamon" (drillers' terms), and by the overlying Sunbury Shale of Mississippian age, also known as "Coffee Shale" (drillers' term). The Berea Sandstone is also known as "grit" or "Bedford Shale" (drillers' terms) in the designated area, and is used as a marker for the base of the Mississippian age deposits. The designated area includes all of Lawrence County, Kentucky, with the exception of two areas encompassing approximately three square miles near the 38th parallel in the south-central part of the county.

(ii) *Depth.* The average depth to the top of the Berea Sandstone is 1,400 feet, and the interval is about 100 feet thick throughout Lawrence County.

(94) *Lance Formation in Wyoming.* RM79-76-112 (Wyoming—13)

(i) *Delineation of formation.* The Lance Formation is located in Fremont and Natrona Counties, Wyoming, in Township 38 North, Range 88 West, Sections 3 through 11, 13 through 36; Township 38 North, Range 89 West; Township 38 North, Range 90 West, Sections 1 through 3, 6 through 36; Township 38 North, Range 91 West; Township 38 North, Range 92 West, Sections 1, 2, 11 through 14, 23, 24, 25; Township 39 North, Range 88 West, Sections 19, 29 through 33; Township 39 North, Range 89 West, Sections 4 through 10, 13 through 36; Township 39 North, Range 90 West, Sections 1 through 32, 36; Township 39 North, Range 91 West; Township 39 North, Range 92 West, Sections 12, 13, 14, 23 through 26, 35 and 36.

(ii) *Depth.* The Lance Formation lies between the base of the Lower Fort Union Formation and the top of the Meeteetse Formation. The average depth to the top of the Lance Formation is 8,915 feet.

(95) *Meeteetse Formation in Wyoming.* RM79-76-112 (Wyoming—13).

(i) *Delineation of formation.* The Meeteetse Formation is located in Fremont and Natrona Counties, Wyoming, in Township 38 North, Range 88 West, Sections 3 through 11, 13 through 36; Township 38 North, Ranges 89, 90 and 91 West; Township 38 North, Range 92 West, Sections 1, 2, 11 through 14, 23, 24, 25; Township

39 North, Range 88 West, Sections 19, 29 through 33; Township 39 North, Range 89 West, Sections 4 through 10, 13 through 36; Township 39 North, Ranges 90 and 91 West; Township 39 North, Range 92 West, Sections 12, 13, 14, 23 through 26, 35 and 36.

(ii) *Depth.* The Meeteetse Formation lies between the base of the Lance Formation and the top of the Mesaverde Formation. The average depth to the top of the Meeteetse Formation is 14,319 feet.

(96) *Mesaverde Formation in Wyoming.* RM79-76-112 (Wyoming—13).

(i) *Delineation of formation.* The Mesaverde Formation is located in Fremont and Natrona Counties, Wyoming, in Township 38 North, Range 89 West, Sections 6, 7; Township 38 North, Range 90 West, Sections 1 through 12, 15 through 18; Township 38 North, Range 91 West, Sections 2, 3, 4, 9 through 12; Township 39 North, Range 90 West, Sections 28 through 36; Township 39 North, Range 91 West, Sections 25, 26, 34, 35, 36.

(ii) *Depth.* The Mesaverde Formation lies between the base of the Meeteetse Formation and the top of the Cody Shale Formation. The average depth to the top of the Mesaverde Formation is 15,396 feet.

(97) *Mesaverde Formation in New Mexico.* RM79-76-109 (New Mexico—12).

(i) *Delineation of formation.* The Mesaverde Formation is located in San Juan County, New Mexico, and is found in Township 32 North, Range 8 West, NMPM, Sections 30 and 31 and Township 32 North, Range 9 West, NMPM, Sections 25, 26, 27, 34 and 35.

(ii) *Depth.* The Mesaverde Formation is within the Blanco Mesaverde Gas Pool in the San Juan Basin, and consists of three Sand areas: the Cliffhouse member, which averages 50 feet in thickness, the Menefee member, which ranges in thickness from 230 feet to 290 feet, and the Point Lookout member which ranges in thickness from 150 feet to 200 feet. The vertical limits of the Mesaverde Formation are from the Huerfanito Bentonite in the Lewis Shale above, to a point 500 feet below the top of the Point Lookout member. The average depth to the top of the Mesaverde Formation is 5,46 feet.

(98) *Permo-Penn Formation in Ne Mexico.* RM79-76-110 (New Mexico-13).

(i) *Delineation of formation.* Th Permo-Penn Formation is located i Eddy County, New Mexico, in Township 17 South, Ranges 24 through 2 East; Township 18 South, Ranges 2 and 25 East; Township 19 South Ranges 23 through 25 East; Townshi 20 South, Ranges 21, 23, and 24 Eas Township 20 ½ South, Ranges 21 an 22 East; Township 21 South, Range 21 and 22 East; Township 22 South Range 21 East, Sections 1 through 1 and Township 22 South, Range 2 East, Sections 1 through 12, NMPM.

(ii) *Depth.* The Permo-Penn Formation varies in thickness from 1,000 fe to 1,400 feet, and lies between the bas of the Wolfcamp Formation and th top of the Canyon Formation. Th Permo-Penn includes the Third Siste the Antelope Sink, and the Cisco Formations. The average depth to the to of the Permo-Penn Formation is 5,8 feet.

(99) *Atoka-Morrow Formation i New Mexico.* RM79-76-116 (Ne Mexico -15).

(i) *Delineation of formation.* Th Atoka-Morrow Formation is located Chaves County, New Mexico, approximately 23 miles northeast of Roswel New Mexico. The Atoka-Morrow Formation is found in Township 7 Sout Range 28 East, Sections 22 through 2 and 34 through 36; Township 7 Sout Range 29 East, Sections 19 through 3 Township 7 South, Range 30 Eas Sections 19 through 36; township South, Range 31 East, Sections 19, 2 21, and 28 through 33; Township South, Range 28 East, Sections 1, 2, 10 through 15, 22 through 27, and 3 35, 36; Township 8 South, Range East, Sections 1 through 36; Townshi 8 South, Range 30 East, Section through 36; Township 8 South, Ran 31 East, Sections 4 through 9, 1 through 21, and 28 through 33; Township 9 South, Range 28 East, Sectio 1, 2, 3, and 10 through 15; Townshi South, Range 29 East, Section through 18; Township 9 South, Ran 30 East, Sections 1 through 18; Tow ship 9 South, Range 31 East, Sections 4 through 9, and 16, 17, and 18.

(ii) *Depth.* The Atoka-Morrow Formation varies in thickness from 91 feet to 895 feet. The average depth to the top of the Atoka-Morrow Formation is 8,100 feet.

(100) *"Princeton" Zone of the Mauch Chunk Group in West Virginia.* RM79-76-092 (West Virginia—1).

(i) *Delineation of formation.* The "Princeton" zone of the Mauch Chunk Group underlies portions of Mercer, McDowell and Wyoming Counties, West Virginia. The "Princeton" zone is also called "Salt Sands" or "Maxton" by drillers.

(ii) *Depth.* The "Princeton" zone ranges in thickness from 0 to 100 feet, and is found at a depth of approximately 1,400 to 1,500 feet in north-central Wyoming County. It is bounded above by the Pottsville Group of Pennsylvanian age (referred to as "Salt Sands" or "Rosedale Gas Sands" by drillers) or by the Bluestone Formation of Mississippian age (also called "Salt Sands" by drillers).

(101) *"Ravencliff" zone of the Mauch Chunk Group in West Virginia.* Docket No. Rm79-76-092 (West Virginia—1 Addition).

(i) *Delineation of formation.* The "Ravencliff" zone of the Mauch Chunk Group, also called "Salt Sands" or "Maxton" by drillers, is found in portions of Mercer, McDowell and Wyoming Counties, West Virginia.

(ii) *Depth.* The "Ravencliff" zone ranges in thickness from stringers in the western portion of the designated area, to 150 feet in the central and southwestern portion of the area. It is found at depths varying from 1,100 to 2,100 feet.

(102) *"Injun" Zone of the Pocono Group in West Virginia.* Docket No. RM79-76-092 (West Virginia—1 Addition).

(i) *Delineation of formation.* The "Injun" zone of the Pocono Group, also called "Big Injun", underlies portions of Mercer, McDowell and Wyoming Counties, West Virginia.

(ii) *Depth.* The "Injun" zone varies in thickness from 50 feet in Wyoming County to stringers in the southern and eastern portions of the designated area. The depth to the top of the "Injun" zone ranges from approximately 3,100 feet to 4,300 feet.

(103) *"Weir" Zone of the Pocono Group in West Virginia.* RM79-76-092 (West Virginia—1 Addition).

(i) *Delineation of formation.* The "Weir" zone of the Pocono Group underlies portions of Mercer, McDowell and Wyoming Counties, West Virginia.

(ii) *Depth.* The "Weir" zone ranges in thickness from stringers in the eastern and western portion of the designated area, to 70 feet in the central part of the area. The "Weir" zone is found at depths varying from 3,250 feet to 4,550 feet.

(104) *"Berea" zone of the Pocono Group in West Virginia.* RM79-76-092 (West Virginia—1 Addition).

(i) *Delineation of formation.* The "Berea" zone of the Pocono Group underlies portions of Mercer, McDowell and Wyoming Counties, West Virignia.

(ii) *Depth.* The "Berea" zone has a maximum thickness of 45 feet in the central portion of McDowell and Wyoming Counties, and varies to shaley sandstone stringers in the eastern portion of the designated area. The "Berea" zone is found at depths ranging form 3,600 feet to 4,950 feet.

(105) *Wasatch Formation in Colorado.* RM79-76-061 (Colorado-21).

(i) *Delineation of formation.* The Wasatch Formation is found in Garfield County, Colorado, in Township 6 South, Range 93 West, 6th P.M., Sections 3 through 10, 15 through 22, and 27 through 34, and Township 6 South, Range 94 West, 6th P.M., Sections 1 through 3, 10 through 15, 22 through 27, and 34 through 36. Excluded from this designation are the Naval Oil Shale leaseholds found in portions of Township 6 South, Range 94 West, Sections 2, 3 and 10.

(ii) *Depth.* The Wasatch Formation extends from the surface of the ground to the top of the Williams Fork and Iles members of the Mesaverde Formation. The average depth to the top of the producing interval of the Wasatch Formation is 1,767 feet.

(106) *Strawn-Detrital Formation in Texas. RM79-76 (Texas—22)*—(i) *University Block 31 (Strawn-Detrital) and Howards Creek (Penn) Fields*—(A) *Delineation of formation.* The Strawn-Detrital Formation in the area of the

University Block 31 and Howards Creek Fields located in Crockett County, Texas, Railroad Commission District 7C. The designated area consists of Sections 7, 8, 9, the south half of Section 10, Sections 16 through 20, the south half of Section 21, Sections 29 through 32, Block 30, University Lands Survey; all Sections in Block 31, University Lands Survey; Sections 1, 2, 3, the south half of Section 4, Sections 5 through 8, the south half of Section 9, Sections 11 through 14 and the north half of Section 18, Block 32, University Lands Survey; Sections 6 through 20, Block 33, University Lands Survey; the southwest ¼ of Section 12, Sections 29, 30, 31, the south half of Section 32, Sections 50, 51 and the southeast ¼ of Section 53, Block UV, GC & SF RR Co. Survey; Section 2, Block ST-2, GC & SF RR Co. Survey; the north half of Hampton Survey; Section 1001 of W. G. Hall Survey; Section 1002 of J. M. Jean Survey; Section 1003 of M. F. Lopez Survey; Sections 1, 2, 14 through 18, Block ST,GC & SF RR Co. Survey; the north half of Section 49, Sections 50 through 53, the south half Section 54, Sections 66 through 70, the east half of Section 71, Sections 76 through 79, the south half of Section 90, Sections 91, 92, 93 and the north half of Section 94, Block OP, GC & SF RR Co. Survey; Sections 20, 21, 22, 29, 37, 38, the western 75 acres of Section 34, the western half of Section 36 and the eastern half of Section 41, Block ST, T.C.R.R. Survey; Section 28, Block ST, H.E. & W.T. Survey; Section 8 and the northern 480 acres of Sections 7 and 10, Block SL, T. & S.T.L. Survey; and the northern 98 acres of Block Z, J. W. Henderson Survey.

(B) *Depth.* The vertical extent of the Strawn-Detrital Formation in the University Block 31 Field is defined as the interval from the base of the Canyon Formation (top of the Strawn series) to the top of the Simpson Shale (base of the Devonian), which includes the Strawn, Strawn-Detrital and Devonian zones. The average depth to the top of the Strawn series is approximately 7,900 feet in the north and 8,900 feet in the south.

(ii) *Perner Ranch Area*—(A) *Delineation of formation.* The Detrital Formation in the Perner Ranch Area is located approximately 23 miles west southwest of the city of Ozona, Crockett County, Texas, Railroad Commission District 7C. The area includes the following sections: L & SV Survey, Sections 199 and 200, and T.C. RR Survey, Sections 43 and 45.

(B) *Depth.* The depth to the top of the Detrital Formation varies from −6,000 feet to the northwest part of the area to −6,700 feet in the southeast. The approximate thickness of the formation is 110 feet.

(iii) *Ozona, S.W. (Strawn) Field*—(A) *Delineation of Formation.* The Strawn-Detrital Formation in the area of the Ozona, S.W. (Strawn) Field is located in Crockett County, Texas Railroad Commission District 7C. The designated area consists of the south half of Section 1, Sections 2, 3, 4, the east half of Section 8, Sections 9, 10, 11, the south halves of Sections 12 and 13, Sections 14, 15, 16, the west half of Section 17, Section 21, and the west half of Section 23, Block M, GC and S.F. Survey; Sections 4, 5, 6, the south quarters of Sections 7 and 10, Sections 11, 12 and 13, Block S.L., T and S.T.L. Survey; and a portion ot Block Z, J.W. Henderson Survey.

(B) *Depth.* The vertical extent of the Strawn-Detrital Formation in the Ozona, S.W. (Strawn) Field is defined as the interval from the base of the Canyon Formation (top of the Strawn series) to the top of the Simpson Shale (base of the Devonian), which includes the Strawn, Strawn-Detrital and Devonian zones. The average depth to the top of the Strawn series is approximately 8,800 feet.

(107) *Chacra Formation in New Mexico.* RM79-76-117 (New Mexico-16).

(i) *Delineation of formation.* The Chacra Formation is located in all of Sections 16, 21, 22, 25 through 28, 3 through 36, and the S/2 of Section 2 Township 25 North, Range 6 West, NMPM, in Rio Arriba County, New Mexico.

(ii) *Depth.* The Chacra Formation averages approximately 130 feet in thickness. The average depth to the top of the Chacra Formation is 3,3 feet.

(108) *Dakota-Lakota Formation in Colorado.* RM79-76-123 (Colorado—26).

(i) *Delineation of formation.* The Dakota-Lakota Formation is located in Boulder County, Colorado, in Township 1 North Range 69 West, 6th P.M., Sections 25 through 36; Township 1 South, Range 69 West, 6th P.M., Sections 3 through 10, 15 through 22, and 27 through 34; Township 1 South, Range 70 West, 6th P.M., Sections 1 through 3, 10 through 15, 22 through 27, and 34 through 36.

(ii) *Depth.* The producing interval of the Dakota-Lakota Formation is approximately 175 to 185 feet thick, and begins at the base of the Skull Creek Formation and extends to the top of the Morrison Formation. The average depth to the top of the Dakota-Lakota Formation is 9,100 feet.

(109) *Codell Formation in Colorado.* RM79-76-122 (Colorado-25).

(i) *Delineation of formation.* The Codell Formation underlies portions of Adams, Boulder, Jefferson, Larimer and Weld Counties, Colorado, and is located on the western flank of the Denver-Julesberg Basin a few miles north of Denver, Colorado. The Codell Formation is found in the following areas: Township 1 South, Ranges 64 through 70 West; Township 2 South, Ranges 69 and 70 West; Township 1 North, Ranges 64 through 70 West; Township 2 North, Ranges 64 through 69 West, all sections, Range 70 West, Sections 1 through 5, and 8 through 36; Township 3 North, Ranges 64 through 69 West, all sections, Range 70 West, Sections 1, 12, 13, 21 through 28, and 33 through 36; Township 4 North, Ranges 64 through 69 West; Township 5 North, Ranges 64 through 68 West, all sections, Range 69 West, Sections 1 through 4, 9 through 16, 20 through 29, and 31 through 36, Township 6 North, Ranges 64 through 68, all sections, Range 69 West, Sections 1 through 4, 9 through 16, 21 through 28, and 33 through 36.

(ii) *Depth.* The Codell Formation ranges in depth from 3,000 to 8,000 feet, and is generally found at a depth of 7,000 feet, and averages 15 feet in thickness.

(110) *The Dakota Producing Interval in New Mexico.* RM79-76-103 (New Mexico—9).

(i) *Delineation of formation.* The Dakota Producing Interval is found within the Basin-Dakota Gas Pool in the northwestern portion of the San Juan Basin near the Hogback Monocline. It is found in San Juan County, in Township 31 North, Range 10 West, NMPM, Sections 1 through 36; Township 31 North Range 11 West, NMPM, Sections 1, 12, 13, 22 through 27 and 34, 35 and 36; Township 32 North, Range 10 West, NMPM, Sections 7 through 36; Township 32 North, Range 11 West, NMPM, Sections 7 through 27 and 34, 35 and 36; Township 32 North, Range 12 West, NMPM, Sections 7 through 24, 28 through 31; and Township 32 North, Range 13 West, NMPM, Sections 7 through 29 and 32 through 36.

(ii) *Depth.* The Dakota Producing Interval begins at the base of the Greenhorn Limestone and consists of the Graneros Formation, the Dakota Formation and the productive upper limit of the Morrison Formation. The average depth to the top of the Dakota Producing Interval is 6,753 feet. The gross thickness of the interval averages 400 feet.

(111) *The Olmos Formation in Texas.* Rm79-76 (Texas—16)—(i) *Dimmit and Webb Counties*—(A) *Delineation of formation.* The Olmos Formation is located in the northwest portion of Webb County and the southern portion of Dimmit County in Texas. The Formation includes all of that portion of Dimmit County extending approximately 14 miles north of the boundary of Webb County, and all of that portion of northwest Webb County west of a north-south line extending south from a point approximately 1.5 miles east of the southwest corner of La Salle County, and north of an eastwest line located approximately 22 miles south of the southwest corner of La Salle County.

(B) *Depth.* The top and base of the Olmos Formation are found at approximate depths of 4,146 feet and 5,237 feet respectively, on the log of the Trans Delta Corporation Petty Well No. 6-7. This well is located in Section 7, Block 8, of the I&G.N.R.R. Co.

Survey in the S.W. Catarina Field, Webb County, Texas.

(ii) *A.W.P. (Olmos) Field, McMullen County*—(A) *Delineation of formation.* The Olmos Formation designated area underlies portions of the A.W.P. Olmos Field and consists of 4,853 contiguous acres located 3½ to 5 miles southeast of Tilden, Texas. Specifically, the area is all of Sections 24, 25, 27, 37, 38, 39, the west ½ Section 23, the southwest ¼ of Section 28, the north ½ of Section 41, and the north ½ of Section 42, out of the Two Rivers Ranch Subdivision as shown by plat recorded in Volume O, page 460 (Bracken Lease) and page 464 (McClaugherty Lease) of the Deed Records, McMullen County, Texas.

(B) *Depth.* The top of the Olmos Formation occurs at depths of from 9,100 feet to 9,600 feet below mean sea level.

(iii) *A.W.P. (Olmos) Field, McMullen County*—(A) *Delineation of formation.* The designated portion of the Olmos Formation located to the east and southeast of Tilden, in McMullen County, Texas, and consists of approximately 7,506 acres containing four leases; the 3,480.6 acre Bracken Ranch lease, the 320 acre Dan Foster lease, the 2,431.46 acre R.P. Horton lease and the 1,274 acre R.P. Horton "C" lease.

(B) *Depth.* The top of the Olmos Formation occurs at depths of from 9,100 feet to 9,600 feet below mean sea level.

(112) *The Mancos "B" Formation in Colorado.* RM79-76 (Colorado-27)

(i) *Delineation of formation.* The Mancos "B" Formation is located in the Douglas Creek Arch area of western Colorado, in Rio Blanco County. The Mancos "B" Formation underlies Township 1 North, Range 101 West, Sections 17 through 20 and 29 through 32; Township 1 North, Range 102 West, Sections 7 through 9 and 13 through 36; Townships 1 North and 1 South, Range 103 West, all sections; Townships 1 North and 1 South, Range 104 West, Sections 1 through 3, 10 through 15, 22 through 27, and 34 through 36; Township 1 South, Range 102 West, Sections 1 through 10, 16 through 21, and 28 through 33; Township 2 South, Range 102 West, Sections 4 through 6; Township 2 South, Range 103 West, Sections 1 through 6, 17, 18, 20, 29, 32, and 33; and Township 2 South, Range 104 West, Sections 1 through 3 and 10 through 15. The additional area is contiguous to that part of the Mancos "B" Formation described above on its northern border. The addition to the Mancos "B" Formation is located in Rio Blanco County, Colorado, along the western flank and northern end of the Douglas Creek Arch in Township 2 South, Range 102 West N½ of Section 8 and N½ and SE¼ of Section 9. On its eastern border, the specified acreage is adjacent to lands described in § 271.703(d)(6).

(ii) *Depth.* The Mancos "B" Formation ranges in thickness from 150 to 325 feet. The average depth to the top of the Mancos "B" Formation is 3,00 feet. The additional area, located in the southern part of the Mancos "B" Formation, has an average depth to the top of the formation of 2,621 feet and an average gross thickness of 37 feet.

(113) *The Clearfork Formation in Texas.* RM79-76-114 (Texas-23).

(i) *Delineation of formation.* The Clearfork Formation is found in Pecos County, Texas. The designated area is located approximately 12 miles southeast of the City of Imperial, Texas within the H&TC RR Block 2 and H&GN RR Block 9 Surveys.

(ii) *Depth.* The top of the Clearfork Formation ranges from a measured depth of 2,900 feet in the west to 3,00 feet in the east. A typical Clearfork section occurs between the measured depths of 2, 895 feet and 4,124 feet, on the well log of the George T. Abell No. 1-A Well.

(114) *The J Sand Formation in Colorado.* RM79-76-133 (Colorado-29).

(i) *Delineation of formation.* The J Sand Formation is located in Adams and Arapahoe Counties, Colorado, approximately 24 miles due east of the city of Denver. The J Sand Formation underlies Township 3 South, Range 6 West, Sections 17 through 20, and 2 through 32; Township 3 South, Range 63 West, Sections 13 through 3 Township 4 South, Range 62 West, Sections 5 through 8, 17 through 2 and 29 through 32; and Township

South, Range 63, All Sections, 6th P. M.

(ii) *Depth.* The J Sand Formation ranges in thickness from 20 to 180 feet. The average depth to the top of the J. Sand Formation is 7,700 feet.

(115) *Dakota Formation in New Mexico.* RM79-76-138 (New Mexico-17).

(i) *Delineation of formation.* The Dakota Formation is located in the northwestern portion of the San Juan Basin in San Juan County, New Mexico. The Dakota Formation underlies all of Township 26 North, Ranges 12 and 13 West; Township 27 North, Range 12 West, Section 8-S/2, 9-S/2, and 16 through 36; Township 27 North, Range 13 West, Sections 3-W/2, 4 through 9, 10-W/2, and 14 through 36; Township 28 North, Range 13 West, Sections 7 through 9, 16 through 21, 28 through 33, and 34-W/2; Township 29 North, Range 13 West, Sections 4 through 9, 16 through 19, 20-W/2, 29-W/2, 30, 31, and 32-W/2; Township 29 North, Range 14 West, Sections 1, 2-W/2 and SE/4, 3 through 18, 19-NE/4, 20 through 27, 28-N/2 and SE/4, 34-N/2, 35 and 36; Township 29 North, Range 15 West, Sections 1 through 6, 7-N/2, 8-N/2, 9-N/2, 10-N/2 and SE/4, 11, 12, 13-N/2 and 14-N/2; Township 30 North, Range 14 West, Sections 1 through 12, 15 through 23, and 26 through 34; and all of Township 30 North, Range 15 West, NMPM.

(ii) *Depth.* The Dakota Formation ranges in thickness from 250 to 300 feet. The average depth to the top of the Dakota Formation is 5,952 feet.

(116) *"Cleveland Sand" of the "Kansas City Group" in Oklahoma.* RM79-76-120 (Oklahoma—2).

(117) *Gray Sand in Smackover Formation in Louisiana.* RM79-76-124 (Louisiana—8).

(i) *Delineation of formation.* The Gray Sand in the Smackover Formation is located in the following portions of Bienville, Bossier, Claiborne, Lincoln, Ouchita, Union, and Webster Parishes, north Louisiana: Township 22 North, Range 8 West through 13 West; Township 21 North, Range 2 West through 13 West; Township 20 North, Range 2 West through 13 West; Township 19 North, Range 1 East; Township 19 North, Range 1 West through 10 West; Township 18 North, Range 1 East; Township 18 North, Range 1 West through 5 West.

(ii) *Depth.* The Gray Sand in the Smackover Formation is defined as that formation occurring between the measured depths of 11,000 and 11,570 feet on the induction electric log of the Sun Oil Company—Northcott No. 2 Well, located in Section 29, Township 22 North, Range 11 West, Bossier Parish.

(118) *Medina Group and Queenston Shale in New York.* RM79-76-118 (New York-2).

(i) *Delineation of formation.* The Medina Group and Queenston Shale are found in Erie, Genesee, Wyoming, Allegany, Livingston, Ontario, Yates, Seneca, Cayuga, and Tompkins Counties, New York. Excluded from the delineated Medina-Queenston interval are any Medina gas storage areas, including buffer zones, or any areas within Medina or Queenston "existing fields" (as defined in Title 6, New York Code of Rules and Regulations, Section 550.3(q)). The Medina Group (also known as the Albion Group) is of Early Silurian age and overlies the Upper Ordovician Queenston Shale (called the "red shale" by some drillers). The Medina Group is bounded above by the base of the Thorold Formation or the time equivalent Kodak Sandstone. The Medina Group consists of (from base to top) the Whirlpool Sandstone (called "white Medina" by drillers), the Power Glen Shale (also known as the Cabot Head Shale), and the Grimsby Sandstone (called "red Medina" by drillers). The Queenston Shale has a gradational contact with the underlying Oswego Sandstone.

(ii) *Depth.* The depth to the top of the Medina Group varies from less than 1,000 feet in the northwestern portion of the designated area to as much as 5,500 feet in the southeastern portion. The Medina Group ranges in thickness from approximately 60 to 120 feet. The thickness of the Queenston Shale is indefinite due to the transitional nature of its contact with the underlying Oswego Sandstone, but the Queenston-Oswego sequence ranges in a thickness from approximately 1,000 feet in Western New York to more than 1,300 feet in southern and central New York.

(119) *Dakota Formation in Utah.* RM79-76-074 (Utah-3).

(i) *Delineation of formation.* The Dakota Formation is found in the Book Cliffs area of Grand and Uintah Counties, Utah and is in the general area of Townships 15 South through 20 South and Ranges 16 East through 24 East.

(ii) *Depth.* The average depth to the top of the Dakota Formation is 6, 034 feet. The Dakota Formation is defined as the interval from the top of the Dakota Silt down to the top of the Morrison Formation, a thickness of approximately 250 feet.

(120) *Basin-Dakota Formation in New Mexico.* RM79-76-139 (New Mexico—18).

(i) *Delineation of formation.* The Basin-Dakota Formation is located in San Juan County, New Mexico, in Township 32 North, Range 7 West, Sections 7, 8, 9, 16 through 21, and 25 through 36; Township 32 North, Range 8 West, Sections 7 through 36; Township 32 North, Range 9 West, Sections 7 through 36, Township 31 North, Range 8 West, Sections 1 through 31, and 33 through 36; Township 31 North, Range 9 West, Sections 1 through 26, and 29 through 36; Township 30 North, Range 8 West, Sections 1, 2, 6 through 34, and 36; Township 30 North, Range 9 West, Sections 1 through 30, 35 and 36; Township 30 North, Range 10 West, Sections 1 through 18 and 24; Township 29 North, Range 8 West, Sections 1 through 6; Township 29 North, Range 9 West, Sections 1 and 2, NMPM.

(ii) *Depth.* The Basin-Dakota Formation is defined as that interval including the Graneros, Dakota, and Morrison Formations, and is found below a depth of 7,251 feet as indicated on the Induction-Electrical and Gamma Ray log from the El Paso Natural Gas Gartner No. 9 Well. The average depth to the top of the Basin-Dakota Formation is 7,575 feet. Gross thickness of the Basin-Dakota Formation ranges from 250 to 300 feet.

(121) *Atoka Formation in Oklahoma.* RM79-76-131 (Oklahoma—4)—(i) *Delineation of formation.* The Atoka Formation of Pennsylvanian age is located in Washita County, Oklahoma, in Sections 6 and 7, Township 9 North, Range 19 West and Sections 1, 2, 3, 10, 11, and 12, Township 9 North, Range 20 West. It is bounded above by the base of the Pennsylvanian Des Moinesian Series, called "Cherokee Group" by drillers and below by the top of the Pennsylvanian Morrowan Series, called "Morrow Shale" by drillers.

(ii) *Depth.* The depth to the top of the designated interval varies from approximately 10,850 to 12,150 feet below mean sea level. Its thickness ranges from 2,200 to 2,800 feet.

(122) *Garza Sand in Texas.* RM79-76-141 (Texas-24).

(i) *Delineation of Formation.* The Garza Sand is found in Duval County in Texas. The designated area is located approximately 3 miles west of the city of Concepcion, Texas, in Railroad Commission District 4 and includes portions of the following surveys: Andres Garcia Heirs Survey, Abstract 657; Santos Flores Survey, Abstract 475; R. Ramirez Survey, Abstract 475; and Marcello Ynojosa Survey, Abstract 628.

(ii) *Depth.* The top of the Garza Sand ranges from a measured depth of −6,700 feet to approximately −7,400 feet subsea.

(123) *Anacacho formation in Texas* RM79-76-145 (Texas-26).

(i) *Delineation of formation.* The Anacacho formation is located in the northwestern part of Atascosa County, Texas, Railroad Commission District 1 and is comprised of the following surveys: F. Brockinzen A-90, Abram Cole A-158 and A-159, W. J. Viser A-873 and A-874, Craner Ford A-247 and A-248, John C. Held A-368, John Sharp A-761, Robert C. Rogers A-721, J. S. Joline A-500, H. P. Benningfield A-97, Wm. H. Morris A-899, and Nepomucinco Flores A-244.

(ii) *Depth.* The Anacacho Formation in the Benton City Area is encountered at measured depths ranging from 1,600 feet to 2,100 feet.

(124) *Mancos "B" Formation in Utah.* RM79-76-155 (Utah-7)—(i) *Delineation of formation.* The Mancos "B" Formation is located in Carbon County, Utah and comprises all of

Township 12 South, Range 13 East, SLM.

(ii) *Depth.* The Mancos "B" Formation is a distinct lithologic unit of the Mancos Shale, occurring 200 to 300 feet below the top of the Mancos Formation. The formation varies in thickness from 1,400 to 1,600 feet and is found at an average depth of 7,490 feet.

(125) *Monte Christo, South (10,500′) Formation in Texas.* RM79-76 (Texas—25).

(i) *Delineation of formation.* The Monte Christo, South (10,500′) Formation is located in the southern portion of Hidalgo County, Texas, Railroad Commission, District 4, and includes the following surveys: Macedonia Jr. Vela No. 214, A-623; Tex.—Mex. R.R. No. 215, A-130; W. T. Bomar No. 218, A-626; Jas. L. Hudson, A-649; Walter A. Hoffhein, A-797; W. H. Kozel, A-798; Tex.—Mex. R.R. No. 217, A-131; the northernmost 500 acres of both the Nicholas Zamora Porcion No. 48, A-76 and the Torebio Zamora Porcion No. 49, A-78; and the southernmost 900 acres of the northern 1,800 acres of the Francisco Cantu Porcion No. 80, A-570.

(ii) *Depth.* The depth to the top of the Monte Christo, South (10,500′) Formation varies from 10,200 feet subsea to 10,600 feet subsea. The maximum thickness of the formation is approximately 900 feet.

(126) *Abo-Wolfcamp Formation in New Mexico.* RM79-76-180 (New Mexico-20).

(i) *Delineation of formation.* The Abo-Wolfcamp Formation is located in Chaves County, New Mexico, in Township 15 South, Ranges 23, 24, and 25 East, All Sections; Townships 19 and 20 South, Range 20 East, All Sections; in Eddy County, New Mexico in Township 16 South, Ranges 23, 24, and 25 East, All Sections; Township 16 South, Range 26 East, Sections 4 through 9, 16 through 21, and 28 through 33; Township 17 South, Ranges 21, 23, and 24 East, All Sections; Township 17 South, Range 25 East, Sections 1 through 12, 16 through 21, and 30 and 31; Township 18 South, Ranges 21, 23, and 24 East, All Sections; Township 18 South, Range 25 East, Sections 6 and 7, 18 and 19, and 30 and 31; Township 19 South, Ranges 21 and 23 East, All Sections; Township 19 South, Range 24 East, Sections 1 through 20, and 29 through 32; Township 20 South, Ranges 21 and 23 East, All Sections; and Township 20 South, Range 24 East, Sections 5 through 8, NMPM

(ii) *Depth.* The average depth to the top of the Abo-Wolfcamp Formation is 3,615 feet. The top and base of the Abo-Wolfcamp Formation are found at 4,722 feet and 5,122 feet, respectively, as measured on the Induction-Electrical Log of the Yates Petroleum Corporation State DF well No. 1.

(127) *Mesaverde Formation in Colorado.* RM79-76-163 (Colorado-31).

(i) *Delineation of formation.* The Mesaverde Formation is located in Rio Blanco County, Colorado, in Township 2 South, Range 96 West, Section 31 S½, S½, NW¼, Section 32 S½, S½, Section 33 SW¼, SW¼; Township 2 South, Range 97 West, Section 4 W½, W½, Sections 5, 8, 9, 16, 17, 20, 21, 22, All, Section 23 W½, Section 25 SW¼, Section 26 W½, SE¼, Sections 27, 28, 29, 31 through 36, All; Township 3 South, Range 97 West, Sections 3 through 7, All; all 6th P.M.

(ii) *Depth.* The average depth to the top of the Mesaverde Formation is approximately 7,790 feet. The producing interval is approximately 4,800 feet in thickness and begins at the base of the Ohio Creek Conglomerate and extends to the top of the Marine Mancos Shale.

(128) *Vicksburg Formation in the Portilla (9000′) Field in Texas.* RM79-76 (Texas—29).

(i) *Delineation of formation.* The Vicksburg Formation in the Portilla (9000′) Field is located in the northern portion of San Patricio County, Texas, Railroad Commission District 4, approximately six miles northeast of Sinton, Texas, and underlies 15,000 acres of land bounded by the Chiltipin Creek to the south, U.S. Highway 77 to the west, and the Aransas River to the north. The eastern boundary is a line extending from the Chiltipin Creek on the south to the Aransas River on the north and approximately bisecting the following surveys; Isaac Clover A-89, N.J. Devenny A-105, and Ralph Ellis Hrs. A-115.

(ii) *Depth.* The depth to the top of the Vicksburg Formation in the Portilla (9000′) Field varies between 8,600 feet and 9,000 feet and the formation extends to depths in excess of 11,000 feet.

(129) *Cleveland Formation in Texas.* RM79-76 (Texas-18).

(i) *Delineation of formation.* The Cleveland Formation is found in the northeast Texas Panhandle and consists of all of Lipscomb, Ochiltree and Hansford Counties, virtually all of Hemphill County, approximately the northern halves of Hutchinson and Roberts Counties, and approximately the northeast quarter of Wheeler County, Texas.

(ii) *Depth.* The top of the Cleveland Formation is located near 2500 feet subsea to the west in Hansford County, Texas, and near 9700 feet subsea in Wheeler County, Texas, to the southeast. The Cleveland Formation is approximately 154 feet thick as demonstrated in a type log from the Diamond Shamrock Corporation No. 1 J. A. Little Well in Lipscomb County, Texas.

(130) *Middle Wilcox (11,000-15,000′) Formation in Texas.* RM79-76 (Texas-27).

(i) *Delineation of formation.* The Middle Wilcox Formation is located in Lavaca County, Texas, Railroad Commission District 2. The designated area is located 14 miles east-southeast of the Halletsville, Texas, and 8 miles south-southeast of Sublime, Texas, and is comprised of the following 15 surveys: James Ryan A-42, Miguel Muldoon A-34, E. W. Perry A-359, Lev. T. Bostiok A-95, F. W. Perry A-358, P. Ansulaua A-621, F. Baseldua A-622, Peter Garza A-632, J. A. Wynmaker A-499, John W. Seymour A-431, H. I. and B.P.R. A-523, A. M. Gillespie A-633, H. F. and W.T.R.R. A-551, H. E. and W.T.R.R. A-550, and North ⅓ John D. Ragsdale A-377.

(ii) *Depth.* The Middle Wilcox Formation is defined as that formation which is encountered between 11,000 feet and 15,000 feet as measured on the log of the Mitchell Energy Corporation C. F. Aschbacher No. 1 well. The top of the Middle Wilcox pay ranges in depth from approximately −11,200 feet in the north to −13,300 feet in the south.

(131) *Devonian Formation in Texas.* RM79-76 (Texas—35).

(i) *Delineation of the formation.* The Devonian Formation is located in the Nine Mile Draw Field area of Reeves County, Texas, Railroad Commission District 8. The designated area consists of Sections 12, 13, 24, 25, 36 and 37 of T&P RR Block 55, and Sections 5, 6, 11, 12, 13, 14, 17, 18, 19, 20, 21, and 22 of T&P RR Block 54, TWP 7, Reeves County, Texas.

(ii) *Depth.* The top of the Devonian Formation is encountered between the measured depths of 13,080 and 14,120 feet, with an approximate thickness of 100 feet.

(132) *Fusselman Formation in Texas.* RM79-76 (Texas—35).

(i) *Delineation of the formation.* The Fusselman Formation is located in the Nine Mile Draw Field area of Reeves County, Texas, Railroad Commission District 8. The designated area consists of Sections 12, 13, 24, 25, 36 and 37 of T&P RR Block 55, and Sections 5, 6, 11, 12, 13, 14, 17, 18, 19, 20, 21, and 22 of T&P RR Block 54, TWP 7 Reeves County Texas.

(ii) *Depth.* The Fusselman Formation is encountered between the measured depths of 13,340 and 14,396 feet with an approximate thickness of 80 feet.

(133) *The Montoya Formation in Texas.* RM79-76 (Texas—35).

(i) *Delineation of the formation.* The Montoya Formation is located in the Nine Mile Draw Field area of Reeves County, Texas, Railroad Commission District 8. The designated area consists of Sections 12, 13, 24, 25, 36 and 37 of T&P RR Block 55, and Sections 5, 6, 11, 12, 13, 14, 17, 18, 19, 20, 21, and 22 of T&P RR Block 54, TWP 7 Reeves County, Texas.

(ii) *Depth.* The Montoya Formation is encountered between the measured depths of 13,395 and 14,490 feet, with an approximate thickness of 475 feet.

(134) *Mesaverde Formation in New Mexico.* RM79-76-179 (New Mexico-19).

(i) *Delineation of formation.* The Mesaverde Formation is located in Sa Juan County, New Mexico, Townshi 32 North, Range 8 West, NMPM, Se tions 7, 8, and 17 through 20. The Mesaverde Formation is in the Blanco Mesaverde Gas Pool in the southwestern flank of the San Juan Basin.

(ii) *Depth.* The Mesaverde Formation consists of three members: the Cliffhouse member which average 50 feet in thickness, the Menefee member with thickness range of 230 to 290 feet, and the Point Lookout member which ranges from 150 to 200 feet in thickness. The vertical limits of the Mesaverde Formation are from the Huerfanito Bentonite in the Lewis Shale above to a point 500 feet below the top of the Point Lookout member. The average depth to the top of the Mesaverde Formation is 5,600 feet.

(135) *Morrow Formation in New Mexico.* RM79-76-187 (New Mexico-22).

(i) *Delineation of formation.* The Morrow Formation is located in Lea and Eddy Counties, New Mexico, in Township 19 South, Range 31 East, Sections 27 S/2, 33 E/2, 34 and 35; Township 20 South, Range 30 East, Sections 25, 26, 31 through 34, 35 N/2 and 36; Township 20 South, Range 31 East, Sections 1 through 36; Township 20 South, Range 32 East, Sections 2 through 11, 14 through 23, and 26 through 35; Township 21 South, Range 28 East, Sections 1 and 2, 3: Lots 3, 4, 5, 6, 11, 12, 13, 14, and S/2, 4 through 20, 21 W/2, 22 through 25, 26 S/2, 27, 28, 29 S/2, and 30 through 36; Township 21 South, Range 29 East, Sections 1 through 7, 8 N/2, and 9 through 36; Township 21 South, Range 30 East, Sections 1 through 12, 14 through 23, and 27 through 34; Township 21 South, Range 31 East, Sections 1 through 12; Township 22 South, Range 28 East, Sections 1 through 28, and 33 through 36; Township 22 South, Range 29 East, Sections 1 through 36; Township 22 South, Range 30 East, Sections 3 through 10, 13 W/2 W/2 and NE/4 NW/4, 14 through 23, 24 W/2 NW/4, and 26 through 36; Township 23 South, Range 29 East, Sections 1 through 3, 10 through 12, 13 W/2 14, 15, 22 through 27, and 34 through 36; Township 23 South, Range 30 East, Sections 1 through 17, 18 S/2 and 19 through 36; Township 23 South, Range 31 East, Sections 19, 30, and 31; Township 24 South, Range 29 East, Sections 1 and 2, 11 through 14, 23 through 26, 35, and 36; Township 24 South, Range 30 East, Sections 1 through 7, 8 N/2, 9 through 16, 17 E/2, and 18 through 36; Township 24 South, Range 31 East, Sections 6, 7, 15 through 22, and 27 through 34; Township 25 South, Range 30 East, Sections 1 through 36; Township 25 South, Range 31 East, Sections 3 through 10, 15 through 22, and 27 through 34; Township 26 South, Range 30 East, Sections 1 through 12; Township 26 South, Range 31 East, Sections 3 through 10; NMPM

(ii) *Depth.* The Morrow Formation is defined as that interval located stratigraphically above the Mississippian Barnett Shale and below the Pennsylvanian Atoka Formations. The average depth to the top of the Morrow Formation is 13,600 feet. The Morrow Formation varies in thickness form 928 feet to 1,475 feet.

(136) *Chacra Formation in New Mexico.* RM79-76-188 (New Mexico-23).

(i) *Delineation of formation.* The Chacra Formation is located approximately 30 miles southeast of the town of Bloomfield in northwestern New Mexico in the southeastern portion of the San Juan Basin. The Chacra Formation is located in all of Sections 4 through 8, and the N/2 of Sections 9 and 10 in Township 25 North, Range 7 West, NMPM; as well as all of Sections 5 through 9, 15 through 22, 26 through 36, the W/2 of Section 10, the S/2 of Section 14, and the SW/4 of Sections 23 and 25 in Township 26 North, Range 7 West, NMPR, in Rio Arriba County, New Mexico.

(ii) *Depth.* The type section for the Chacra Formations is found at a depth of approximately 3,734 feet to 3,844 feet on an Induction Gamma Ray Log from the Curtis J. Little Turner Well No. 2. The average depth to the top of the Chacra Formation is 3,350 feet. Thickness of the Chacra Formation ranges from 110 to 130 feet.

(137) *Vicksburg Formation in Texas.* RM 79-76-160 (Texas—30).

(i) *Delineation of formation.* The Vicksburg Formation is located in southwestern Hidalgo County, Texas, Railroad District No. 4, approximately

15 miles west of the city of McAllen. The area comprises the westerly portion of the Los Ejidos de Renosa Viejo Survey A-70 and is bounded on the west and north by the boundary lines of the aforementioned survey. The eastern boundary is a line beginning at a point on the north line of the survey 1,200 feet east of the southwestern corner of the Yldifonso Ramirez Survey, A-584, and extending south for a distance equal and parallel the length of the western boundary line. The southern boundary is a line extending from the south end of the eastern boundary westward to the Rio Grande River which forms the remainder of the southern boundary of the area.

(138) *Devonian/Strawn/Detrital Formation in Texas.* RM 79-76-170 (Texas—33).

(i) *Delineation of formation.* The Devonian/Strawn/Detrital Formation is found in northeast Terrell County and adjacent portions of western Crockett County in Texas. The designated area consists of the listed portions of the following Terrell County surveys: Sections 10-31, 73, Block 1, I&GN RR Co.; Section 19, Mrs. M. E. Hope; Section 21, J. M. Anderson; Section 22, C. M. Shaw (J. D. Blair); Section 23 P. H. Terry; Section 24, Mrs. N. King; Section 1, Block A-4, J McMurty; Section 2 Block A-4, A. C. W.; Section 3 Block A-4, P. L. Kinman; Section 4, Block A-4, F. Baumgarner; Section 5, Block A-4, J. H. Felps; Section 6, Block A-4, J. L. Cunningham; Section 7, Block A-4, J. A. Manes; Section 8, Block A-4, Mrs. A. Pride; Section 9 Block A-4, Mrs. L. Martin; Section 10, Block A-4, I. N., Bloodworth; Section 11, Block AJ-4, J. E. R.; Section 1-12, Block 176, TM RR; Section 1-38, Block B-2, CCSD & RGNG; and the following Crockett County surveys: Section 24-38, 40-42, 45, 48-50, Block 2, I&GN RR Co.; Section 39-46, Block ST, TC RR; Section 199, 200, L&SV; Section 48, Block ST, TC RR; Section 13-20, Block 2, J. H. Gibson; Section 99, 100, Block NN, GC & SF; Section 22, Block NN-2, WM. Hornsbuckle (A-4873); Section 48½, J. B. Brown; Section 1, Block NN, L. G. Moses; Section 2, Block NN, W. L. Lacy; Section 3,4, Block NN, Robert Rankin; Section 22-35, Block 1, I&G RR Co.; Section 14, 22-24, west half 25, Block 28, University Lands.

(ii) *Depth.* The top of the Straw section of the Devonian/Strawn/Detrital ranges from a measured depth 8,442 feet in the east to 10,200 feet the southwest. The Strawn varies thickness from 28 feet in the east 205 feet in the west. The top of th Detrital section ranges from a mea ured depth of 8,500 feet in the east 10,310 feet in the southwest. The Detrital varies in thickness from 46 fe in the east to 230 feet in the south west. The top of the Devonian sectio ranges from a measured depth of 8,5 feet in the east to 10,900 feet in th southwest. The Devonian varies thickness from 275 feet in the nor central to 600 feet in the northwest. the western third of the designat area the Detrital and Devonian se tions are separated by a wedge of Mi sissippian age rock units up to 500 fe thick.

(139) *"J" Sand Formation in Color do.* RM79-76 (Colorado—35).

(i) *Delineation of formation.* Th "J" Sand Formation is located Adams, Arapahoe, and Elbert Cou ties, Colorado; approximately 12 mile east of the city of Denver. The "J Sand Formation in Adams County u derlies Township 2 South, Range 6 West, Sections 7, 8, 18, 19, 30, 31 and ½ of Section 32; Township 2 Sout Range 64 West, Sections 10 throug 15, 22 through 27, and 34 through 3 Township 2 South, Range 65 Wes Sections 25 through 36; Township South, Range 63 West, Sections through 12; Township 3 South, Ran 64 West, Sections 1 through 36; Tow ship 3 South, Range 65 West, Sectio 1 through 36. In Arapahoe Coun the "J" Sand Formation underli Township 4 South, Range 64 We Sections 1 through 30 and 32 throug 36; Township 4 South, Range 65 Wes Sections 1 through 30; Township South, Range 63 West, Sections through 36; Township 5 South, Ran 64 West, Sections 1 through 5, through 17, 20 through 29, and through 36. In Elbert County, the su ject formation underlies Township South, Range 63 West, Sections through 35; Township 6 South, Ran

64 West, Sections 1 through 5, 8 through 17, 20 through 29, and 34 through 36; Township 7 South, Range 63 West, Sections 4 through 9, 16 through 21, and 28 through 33; Township 7 South, Range 64 West, Sections 1 through 3, 10 through 15, 22 through 27, and 34 through 36, all 6th p.m.

(ii) *Depth.* The "J" Sand Formation ranges in thickness from 40 to 95 feet, and begins at the base of the "D" Sand and extends to the top of the Skull Creek Shale. The average depth to the top of the "J" Sand Formation is approximately 8,100 feet.

(140) *"Jones Sand member" of the "Cleveland Sand" interval of the Skiatook Group in Oklahoma.* RM79-76-148 (Oklahoma—5).

(i) *Delineation of formation.* The "Jones Sand member" of the "Cleveland Sand" interval is found in Sections 1 through 4 and 9 through 12, Township 13 North, Range 2 East; Sections 4 through 8, Township 13 North, Range 3 East; Sections 21 through 28 and 33 through 36, Township 14 North, Range 2 East; and Sections 19, 20 and 28 through 33, Township 14 North, Range 3 East, in Lincoln County, central Oklahoma. The "Jones Sand member" consists of three quartz sandstone zones ("upper," "middle" and "lower") and two interbedded zones of predominantly shale.

(ii) *Depth.* The depth of the designated interval ranges from 3,910 to 4,500 feet, and it is approximately 200 feet thick. The top of the designated interval is overlain by a shale zone (ranging from 200 to 280 feet in thickness), the "Upper Cleveland sand" and the "Checkerboard limestone" of the Lower Skiatook Group; the base of the interval is underlain by a shale zone (ranging from 100 to 150 feet in thickness) which separates the "Oswego limestone" of the Marmaton Group (Des Moinesian age) from the "Lower Jones sand" zone.

(141) Hosston B Zone in Louisiana RM79-76-192 (Louisiana-9)

(i) *Leatherman Creek Field Area*—(A) *Delineation of formation.* The Hosston B Zone is located in north Louisiana and underlies parts of the Leatherman Creek Field, Claiborne Parish and includes Township 19 North, Range 7 West, Sections 7 through 11, 14 through 23, and 26 through 35, and Township 19 North, Range 8 West, Sections 12, 13, 24, 25 and 36.

(B) *Depth.* The top of the Hosston B Zone is measured at 8,260 feet and the base at 10,000 feet giving a total thickness of 1,740 feet, on the induction electric log of the McGoldrick Oil Company Bessie Sherrill No. 1 well, located in Section 21 of Township 19 North, Range 7 West.

(ii) *Bear Creek Field Area*—(A) *Delineation of formation.* The Hosston B Zone Reservoir A, is located in north Louisiana and underlies part of the Bear Creek Field, Bienville Parish and includes the south three-quarters of Section 22, the west three-quarters of Section 26, and all of Sections 27 and 28 of Township 16 North, Range 6 West.

(B) *Depth.* The top of the Hosston B Zone, Reservoir A, is measured at 8,890 feet and the base at 9,801 feet, giving a total thickness of 911 feet, on the induction electric log of the Franks Petroleum, Inc., Lucius C. Gresham B No. 1 well located in the southeast quarter of Section 28, Township 16 North, Range 6 West.

(142) *Upper Mesaverde Formation.* RM79-76-168 (Colorado--32).

(i) *Delineation of formation.* The Upper Mesaverde Formation is located in Mesa County, Colorado, in Township 8 South, Range 98 West, Section 25, N½, SE¼, N½SW¼, SE¼SW¼; Section 26, N½, SW¼, NW¼SE¼; Sections 27 through 34; Section 35, W½, SE¼, W½NE¼, SE¼NE¼; Section 36; Township 9 South, Range 98 West, Sections 1 through 12, 6th P.M.

(ii) *Depth.* The average depth to the top of the Upper Mesaverde Formation is 500 feet. The Upper Mesaverde Formation is defined as that formation which occurs between the top of the Cozzette-Corcoran members and the base of the Wasatch Formation, including the Rollins member. The Upper Mesaverde Formation averages 2,200 feet in thickness.

(143) *Morrison Formation in Colorado.* RM79-76 (Colorado-37)

(i) *Delineation of formation.* The Morrison Formation is located in Mesa and Garfield Counties, Colorado, in Township 7 South, Ranges 95 through 100 West; Township 8 South, Ranges 95 through 100 West; Township 9 South, Ranges 95 through 99 West; Township 9 South, Range 100 West, Sections 1 through 4, 9 through 16, 22 through 26, and 36; Township 10 South, Ranges 95 through 99 West; Township 11 South, Ranges 95, 96 and 99 West; Township 11 South, Range 98 West, Sections 1 through 14, 23 and 24; and Township 11 South, Range 97 West, Sections 1 through 12, 17 through 20, 6th P.M.

(ii) *Depth.* The average depth to the top of the Morrison Formation is 8,050 feet. The Morrsion Formation is overlain by the Dakota Formation and consists of the upper Brushy Basin Member and the lower Salt Wash Member. The Morrison Formation varies from 400 to 600 feet in thickness.

(144) *Cook Mountain Formation in Texas.* RM79-76 (Texas—36).

(i) *Delineation of formation.* The Cook Mountain Formation is located in Harris County, Texas, Railroad Commission District 3. The designated area is the upper 275 feet of the formation as found in an area roughly rectangular in shape and approximately 6.4 miles by 18.9 miles and located approximately 2.5 miles northwest of the City of Houston, Texas.

(ii) *Depth.* The Cook Mountain Formation is found at subsea depths ranging from −7,300 feet in the west to −8,000 feet in the southeast and is identified as that formation occurring between the measured depths of 7,730 feet and 8,005 feet on the log of the Pringle Petroleum Inc. John Ivy No. 1 well.

(145) *Abo Formation in New Mexico.* RM79-76 (New Mexico-21).

(i) *Delineation of formation.* The Abo Formation is located in San Miguel County: Townships 10 and 11 North, Ranges 14 and 15 East; Torrance County: Townships 1 through 9 North, Ranges 14 and 15 East; Guadalupe County: Townships 2 through 4 North, Ranges 16 through 19 East, Township 5 North, Ranges 16 through 23 East, Township 6 North, Ranges 16 through 24 East, and Townships 7 through 11 North, Ranges 16 through 26 East; DeBaca County: Townships 1 through 4 North, Ranges 20 through 27 East, Township 5 North, Ranges 24 through 26 East, Township 6 North, Ranges 25 and 26 East, Township 1 South, Ranges 20 through 27 East, Township 2 South, Ranges 20 and 21 East, and Township 3 South, Range 21 East; Lincoln County: Township 1 North, Ranges 16 through 19 East, Townships 1 through 5 South, Ranges 14 through 19 East, Township 6 South, Ranges 15 through 20 East, Townships 7 through 9 South, Ranges 15 through 20 East, excepting, however, all lands within the Capitan Wilderness Area, Townships 10 and 11 South, Ranges 15 through 20 East, and Townships 12 and 13 South, Ranges 17 through 20 East; Chaves County: Township 3 South, Range 2 East, Townships 4 and 5 South, Ranges 20 and 21 East, Townships 6 through 11 South, Range 21 East, Township 12 South, Ranges 21 and 21½ East, Township 13 South, Range 21 East, and Township 14 South, Ranges 17 through 21 East, NMPM containing some 5,775,360 acres, more or less, and designated by New Mexico as the Pecos Slope Extension Area.

(ii) *Depth.* The Abo Formation, for designation as a tight formation in the Pecos Slope Extension Area, shall be defined as being from the base of the Yeso Formation vertically downward to the top of the Hueco Limestone, or in the absence of said Hueco lime to the top of the Pennsylvanian Limestone, or in the absence of both Hueco lime and Pennsylvanian lime, to the top of the Pre-Cambrian, provided, however, that tongues of the Hueco lime overlain and underlain by the Abo mudstones, sand or shales, shall be considered to be part of the Abo Formation. The average depth to the top of the Abo Formation is 3,025 feet. The average thickness of the Abo Formation is 1,058 feet.

(146) *Frontier Formation in Wyoming.* FM79-76-151 (Wyoming-14).

(i) *Delineation of formation.* The Frontier Formation is located in Fremont County, Wyoming, in the Wind River Basin of central Wyoming. The Frontier Formation underlies Township 1 South, Range 4 East, Sections 13 through 15, 22 through 27, and 34 through 36; Township 1 South, Range 5 East, Sections 16 through 21 and 28 through 33; Township 2 South, Range 4 East, Sections 1 through 3 and 10 through 12; and Township 2 South, Range 5 East, Sections 4 through 9.

(ii) *Depth.* The Frontier Formation has an average gross thickness of 950 feet. The average depth to the top of the first productive sandstone member of the Frontier Formation is 8,188 feet.

(147) *Muddy Formation in Wyoming.* RM79-76-152 (Wyoming-15).

(i) *Delineation of formation.* The Muddy Formation is located in Fremont County, Wyoming, in Township 1 South, Range 4 East, Sections 13 and 14, 23 through 26, 35 and 36; Township 1 South, Range 5 East, Sections 17 through 20, and 29 through 32; Township 2 South, Range 4 East, Sections 1, 2, 11 and 12; Township 2 South, Range 5 East, Sections 5 through 8.

(ii) *Depth.* The Muddy Formation lies between the base of the Shell Creek Formation and the top of the Dakota Formation. The average depth to the top of the Muddy Formation is 9,337 feet.

(148) *Dakota Formation in Wyoming.* RM79-76-152 (Wyoming-15).

(i) *Delineation of formation.* The Dakota Formation is located in Fremont County, Wyoming, in Township 1 South, Range 4 East, Sections 13 and 14, 23 through 26, 35 and 36; Township 1 South, Range 5 East, Sections 17 through 20, and 29 through 32; Township 2 South, Range 4 East, Sections 1, 2, 11 and 12; Township 2 South, Range 5 East, Sections 5 through 8.

(ii) *Depth.* The Dakota Formation lies between the base of the Muddy Formation and the top of the Lakota Formation. The average depth to the top of the Dakota Formation is 9,514 feet.

(149) *Lakota Formation in Wyoming.* RM79-76-152 (Wyoming-15).

(i) *Delineation of formation.* The Lakota Formation is located in Fremont County, Wyoming, in Township 1 South, Range 4 East, Sections 13 and 14, 23 through 26, 35 and 36; Township 1 South, Range 5 East, Sections 17 through 20, and 29 through 32; Township 2 South, Range 4 East, Sections 1, 2, 11 and 12; Township 2 South, Range 5 East, Sections 5 through 8.

(ii) *Depth.* The Lakota Formation lies between the base of the Dakota Formation and the top of the Morrison Formation. The average depth to the top of the Lakota Formation is 9,639 feet.

(150) *Monteagle Formation in Tennessee.* RM79-76 (Tennessee-1)

(i) *Delineation of formation.* The Monteagle Formation is found in Morgan, Scott, and portions of Fentress Counties located in the north-central part of the State of Tennessee.

(ii) *Depth.* The average depth to the top of the Monteagle Formation is 1,100 feet. The thickness varies from 180 to 250 feet.

(151) *Mid Cockfield Sand in Louisiana.* RM79-76-193 (Louisiana-10).

(i) *Delineation of formation.* The Mid Cockfield Sand is found in the Krotz Springs Field in St. Landry Parish, Louisiana. The area includes all or parts of Township 6 South, Range 7 East, Sections 12, 13, 14, and 19 through 24; Township 7 South, Range 7 East, Sections 5 and 6; Township 6 South Range 6 East, Sections 24, 25, 26, 35 and 36; and Township 7 South, Range 6 East, Section 1.

(ii) *Depth.* The depth to the top of the structure in Section 21. Township 6 South Range 7 East, the top of the structure in Section 21, Township 6 South, Range 7 East, the top of the Mid Cockfield Sand is found at 10,670 feet and the base at 10,740 feet (log depths) on a type log located on the eastern flank of a large domal structure, the Gulf Oil Corporation KZS SU FU No. 51 well located in Section 20, Township 6 South, Range 7 East. On the top of the structure in Section 21, Township to South, Range 7 East, the top of the Mid Cockfield Sand is at an approximate log depth of 10,410 feet. The approximate thickness of the sand is 70 feet.

(152) *The Morrow Formation in New Mexico.* RM79-76-199 (New Mexico-24)

(i) *Delineation of formation.* The Morrow Formation underlies all of Sections 25 and 36, Township 23 South, Range 26 East.

(ii) *Depth.* The top of the Morrow Formation is found at an average depth of 11,553 feet and the Morrow Formation is approximately 190 feet in thickness.

(153) *Dakota Formation in Colorado.* RM79-76-197 (Colorado—36)

(i) *Delineation of formation.* The Dakota Formation is located at Township 11 South, Range 95 West, 6th P.M., Sections 1 through 36 inclusive and Township 11 South, Range 96 West, 6th P.M., Sections 1 through 36, inclusive. The designated area is roughly rectangular in shape and consists of approximately 50,830 acres.

(ii) *Depth.* The average depth to the top of the Dakota Formation is 8,100 feet.

(154) *The Vicksburg (12,000′ Boyt Sand) Formation in Texas.* RM79-76-158 (Texas—28).

(i) *Delineation of formation.* The Vicksburg (12,000′ Boyt Sand) Formation is located in Hidalgo County, Texas, Railroad Commission District 4. The designated area is within a 2.5 mile radius, the center point of which is located 18,275 feet south and 1,800 feet east of the northwest corner of the Dyonisio Ramirez Porcion 79, Abstract No. 563.

(ii) *Depth.* The Vicksburg (12,000′ Boyt Sand) Formation is identified as that formation occurring between the measured depths of 11,802 feet and 12,186 feet on the induction electrical log of the CNG Producing Company Boyt No. 1 Well.

(155) *Plainview Formation in Colorado.* RM79-76-153 (Colorado-30).

(i) *Delineation of formation.* The Plainview Formation is located in Adams and Weld Counties, Colorado, in Township 1 North, Range 67 West, Sections 31 through 33; Township 1 South, Range 67 West, Sections 1 through 36; and Township 1 South, Range 68 West, Sections 1 through 36, 6th P.M.

(ii) *Depth.* The average depth to the top of the Plainview Formation is 8,586 feet. The producing interval is approximately 78 feet in thickness and begins at the base of the Skull Creek Shale and extends to the top of the Lakota Formation.

(156) *Bear River Formation in Wyoming.* RM79-76-209 (Wyoming—17).

(i) *Delineation of formation.* The Bear River Formation is found in Lincoln, Sublette and Sweetwater Counties, Wyoming, in Townships 25 and 26 North, Range 109 West, All; Township 26 North, Range 112 West, Northeast ¼; Township 27 North, Range 112 West, East ½; Township 28 North, Range 112 West, West ½; Township 28 North, Range 113 West, Northeast ¼; Township 29 North, Range 111 West, West ½; Township 29 North, Range 112 West, All; Township 29 North, Range 113 West, Sections 1 through 27, and 34 through 36; Townships 30 and 31 North, Ranges 112 and 113 West, All; 6th P.M.

(ii) *Depth.* The Bear River Formation's vertical limits are defined by the Mowry Shale Formation above and the Thermopolis Shale Formation below. The gross thickness of the formation varies from 10 to 40 feet. The average depth to the top of the Bear River Formation is 9,000 feet.

(157) *Austin Chalk Formation in Texas.* RM79-76-212 (Texas—38).

(i) *Delineation of formation.* The Austin Chalk Formation is found in Grimes County, Texas, Railroad Commission District 3. The area lies within a 2.5 mile radius around the Tenneco Oil Company L. R. Fuqua No. 1 well located 5,200 feet from the north line and 1,500 feet from the east line of the John Bowman Survey, A-7.

(ii) *Depth.* The Austin Chalk Formation in the designated area is defined as the stratigraphic interval above the Eagleford Formation and below the Pecan Gap Formation. The top of the Austin Chalk Formation is found at 12,210 feet subsea, with the base at 12,484 feet subsea, in the L. R. Fuqua No. 1 Well.

(158) *Upper Wilcox (Mackhank) (First Tom Lyne) Formation in Texas.* RM79-76-162 (Texas—31).

(i) *Delineation of formation.* The Upper Wilcox (Mackhank) (First Tom Lyne) Formation is located in the southwestern portion of Live Oak County, Texas, Railroad Commission District 2, approximately five miles east of the townsite of Clegg, Texas, and consists of the following surveys: A. B. & M. 167 A-47, and 173 A-50, B. S. & F. 301 A-741, 29 A-132, 251 A-113, 253 A-114, 255 A-115, 257 A-116, 259 A-117, 177 A-92, 261 A-118, 181 A-94, 263 A-19, 265 A-120, 175 A-81, and 179

A-93, F. L. Beall 178 A-823, R. H. Brown 526 A-734, and 525 A-732, R. F. Byler 530 A-999, T. J. Davis 32 A-567, A. A. Dinn 182 A-941, 82 A-940, and 90 A-939, James Dinn 296 A-942, J. A. Dowdy 298 A-944, and 266 A-919, C. R. Evans 36 A-969, and 176 A-945, G. H. & RR. 1 A-198, G. M. & D. 4 A-214, F. E. Goodwin 2 A-640, H & G. N. RR. 45 A-249, and 47 A-248, D. Harris 7 A-235, J. A. Harrymans 174-A-922, Hooper & Wade 303 A-251, James Latham 3 A-275, R. McCampbell 262 A-929, 96 A-928, 94 A-927, and 50 A-926, Jno. McClane 48 A-765, L. A. McIntosh 31 A-542, J. Poitevent 95 A-378, 93 A-377, 49 A-350, 35 A-347, 31 A-363, 29 A-359, 95 A-1084, 91 A-376, and 89 A-375, Joe Russell 36 A-932, S. K. & K. 297 A-515, Pat Sheeran 254 A-783, O. B. & E. E. Shipp 92 A-811, J. M. Torres 62 A-884, O. Torres 60 A-882, Pedro Torres 61 A-883, 264 A-1023 and A-1083, and 50 A-1036 and A-926, W. Tullos 3 A-1037, G. I. Vanmeter 168 A-848, and 46 A-847, Geo. W. West 408 A-794, and 260 A-818, Ike West 3 A-822, Isaac West 258 A-819, and 186 A-820, Jacob White 174 A-955, O. P. Williams 6 A-487, W. Williams 67 A-908, and Jessie Wilson 2 A-995.

(ii) *Depth.* The average depth to the top of the Upper Wilcox (Mackhank) (First Tom Lyne) Formation is approximately 14,000 feet and the thickness is between 300 feet and 400 feet.

(159) *Lower Vicksburg (P though S) Sandstone in Texas.* RM 79-76-202 (Texas—37).

(i) *Delineation of formation.* The Lower Vicksburg (P through S) Sandstone is located in Hidalgo County, Texas, Railroad Commission District 4, approximately seven miles east of the city of La Reforma and includes approximately 16,000 acres in the north part of the "Santa Anita" Manuel Gomez A-63 Grant.

(ii) *Depth.* The top of the Lower Vicksburg (P through S) Sandstone is the top of the "P" sand which occurs at an average depth of about 10,600 feet in the western portion of the designated area. In the east, the "P" sand is found at a depth of about 12,000 feet. The top of the lowermost section of the designated sandstone, the "S" sand, occurs at an average depth of about 13,500 feet in the west. In the east, the "S" sand is found at a depth of about 13,000 feet. Total thickness is approximately 4,000 feet.

(160) *Lower Mississippian Little Valley Formation in Virginia.* RM79-76-211 (Virginia—2).

(i) *Delineation of formation.* The Lower Mississippian Little Valley Formation is found in Scott and Washington Counties, Virginia. The designated area consists of approximately 89 square miles comprising all of the Mendota and Wallace quadrangles south of the Holston River in Virginia.

(ii) *Depth.* The average depth to the top of the Lower Mississippian Little Valley Formation is 3,191 feet. The formation has an average thickness of 673 feet.

(161) *Berea Sandstone in Kentucky.* RM79-76-210 (Kentucky-2).

(i) *Delineation of formation.* The Berea Sandstone (called Berea grit by drillers) encompasses all of Pike County, Kentucky, with the exception of 14 irregularly-shaped areas as shown on maps on file with the Commission.

(ii) *Depth.* The Berea Sandstone occurs near the base of Mississippian-age deposits between the Sunbury Shale (called Coffee shale by drillers) and the Ohio Shale (called Devonian shale by drillers). The average depth of the top of the Berea Sandstone is 2,400 feet in western Pike County and increases to 3,500 feet in the eastern part of the county; however, the range of the depth to the top of the Berea is from the surface to 4,617 feet.

(162) *"Big Lime" Zone of the Greenbrier Group in West Virginia.* RM 79-76-244 (West Virginia-2 Addition).

(i) *Delineation of formation.* The "Big Lime" Zone of the Greenbrier Group is defined as the stratigraphic interval overlying the "Keener" and "Big Injun" Zones of the Pocono Group and underlying the "Blue Monday" and "Little Lime" Zones of the Mauch Chunk Group. The "Big Lime" Zone is found in portions of Fayette, McDowell, Raleigh, Wyoming, Boone, Cabell, Kanawha, Lincoln, Logan, Mingo, Putman, and Wayne Counties and all of Mercer County.

(ii) *Depth.* The depth to the top of the "Big Lime" Zone ranges from approximately 1,375 feet in the northwest portion to 3,100 feet along the eastern edge and ranges in thickness from approximately 150 feet in the west to a maximum thickness of approximately 1,800 feet in the southeastern portion of the designated area.

(163) *Dakota Formation in Colorado.* RM79-130 (Colorado—28).

(i) *Delineation of formation.* The Dakota Formation is located in Garfield, Mesa, and Rio Blanco Counties, Colorado, in all or parts of Townships 1 North, 1 South, 2 South, 3 South, Ranges 100 through 104 West, 6th P.M., Townships 4 and 5 South, Ranges 102 through 104 West, 6th P.M., Townships 6 through 8 South, Ranges 103 through 105 West, 6th P.M., Townships 9 and 10 South, Ranges 103 and 104 West, 6th P.M., and Townships 1 and 2 North, Ranges 2 and 3 West, Ute P.M.

(ii) *Depth.* The Dakota Formation is overlain by the Dakota Silt and is underlain by the Morrison Formation. The average thickness is about 150 feet. The average depth to the top of the Dakota Formation is 5,450 feet.

(164) *Morrison Formation in Colorado.* RM79-76-130 (Colorado—28).

(i) *Delineation of formation.* The Morrison Formation is located in Garfield, Mesa, and Rio Blanco Counties, Colorado, in all or parts of Townships 1 North, 1 South, 2 South, and 3 South, Ranges 100 through 104 West, 6th P.M., Townships 4 and 5 South, Ranges 102 through 104 West, 6th P.M., Townships 9 and 10 South, Ranges 103 and 104 West, 6th P.M., and Townships, 1 and 2 North, Ranges 2 and 3 West, Ute P.M.

(ii) *Depth.* The Morrison Formation is overlain by the Dakota Formation and is underlain by the Entrada Formation. The thickness ranges from about 300 to more than 600 feet. The average depth to the top of the Morrison Formation is 5,590 feet.

(165) *Granite Wash Formation in Texas.* RM79-76-164 (Texas—32).

(i) *Delineation of formation.* The Granite Wash Formation in the Anadarko Basin is located in the panhandle area of Texas Railroad Commission District 10. The designated area includes all of Hemphill and Roberts Counties; Sections 45 through 396 of Block 43, H&TC RR Survey, Lipscomb and Ochiltree Counties; Sections 89 through 152 of Block 13, T&NO RR Survey, Ochiltree County; and all sections north of an east-west line passing through the southern boundary of Section 21, Block A-9 in Wheeler County except Sections 3, 5, and 6, A.B.&M. Survey, and Section 4, Block L, J.M. Lindsey Survey.

(ii) *Depth.* The Granite Wash Formation is that interval from the top of the A-1 zone to the base of the Granite Wash Formation. The top of the A-1 zone ranges in depth from 6,934 feet in Roberts County to 11,386 feet in Wheeler County.

(166) *Niobrara Formation in Colorado.* RM79-76-226 (Colorado-38).

(i) *Delineation of formation.* The Niobrara Formation is located in Weld County, Colorado, in Township 4 North, Range 68 West, Sections 4 through 6; and in Larimer County, Colorado, in Township 4 North, Range 69 West, Sections 1 through 10, 15 through 22; Township 5 North, Range 68 West, Sections 19 through 21, 28 through 33; Township 5 North, Range 69 West, Sections 25 through 36, 6th P.M.

(ii) *Depth.* The average depth to the top of the Niobrara Formation is 3,000 feet. The Niobrara Formation averages 300 feet in thickness.

(167) Muddy Formation in Wyoming. RM79-76-189 (Wyoming-16).

(i) *Delineation of formation.* The Muddy Formation is located in Natrona County, Wyoming, in Township 36 North, Range 86 West, 6th P.M. Sections 4 through 9, Sections 15 through 22, and Sections 28 through 30; Township 36 North, Range 87 West, 6th P.M., Sections 1 through 3, Sections 11 through 14, NE¼ of Section 23, and N½,, N½ S½ of Section 24; Township 37 North, 86 West, 6th P.M., Sections 19, 20, and 28 through 33; Township 37 North, Range 87 West, 6th P.M., Sections 23 through 26, and Sections 35 and 36.

(ii) *Depth.* The vertical limits of the Muddy Formation are defined as the Mowry Shale above, and the Thermopolis Shales below. The average depth to the top of the formation is 19,800 feet.

(168) Lakota Formation in Wyoming. RM79-76-189 (Wyoming-16).

(i) *Delineation of formation.* The Lakota Formation is located in Natrona County, Wyoming, in Township 36 North, Range 86 West, 6th P.M., Sections 4 through 9, Sections 15 through 22, and Sections 28 through 30; Township 36 North, Range 87 West, 6th P.M., Sections 1 through 3, Sections 11 through 14, NE¼ of Section 23, and N½, N½ S½ of Section 24; Township 37 North, 86 West, 6th P.M., Sections 19, 20, and 28 through 33; Township 37 North, Range 87 West, 6th P.M., Sections 23 through 26, and Sections 35 and 36.

(ii) *Depth.* The vertical limits of the Lakota Formation are defined as the Thermopolis Shale above, and the Morrison Shale below. The average depth to the top of the formation is 20,020 feet.

(169) Morrison Formation in Wyoming. RM79-76-189 (Wyoming-16).

(i) *Delineation of formation.* The Morrison Formation is located in Natron County, Wyoming in Township 36 North, Range 86 West, 6th P.M., Sections 4 through 9, Sections 15 through 22, and Sections 28 through 30; Township 36 North, Range 87 West, 6th P.M., Sections 1 through 3, Sections 11 through 14, NE¼ of Sections 23, and N½, N½ S½, of Section 24; Township 37 North, 86 West, 6th P.M., Sections 19, 20 and 28 through 33; Township 37 North, Range 87 West, 6th P.M., Sections 23 through 26, and Sections 35 and 36.

(ii) *Depth.* The vertical limits of the Morrison Formation are defined as the Lakota Shale above, and the Sundance Shale below. The average depth to the top of the formation is 20,100 feet.

(170) Sundance Formation in Wyoming. RM79-76-189 (Wyoming-16).

(i) *Delineation of formation.* The Sundance Formation is located in Natrona County, Wyoming, in Township 36 North, Range 86 West, 6th P.M., Sections 4 through 9, Sections 15 through 22, and Sections 28 through 30; Township 36 North, Range 87 West, 6th P.M., Sections 1 through 3, Sections 11 through 14, NE¼ of Section 23, and N½, N½ S½ of Section 24; Township 37 North, 86 West, 6th P.M., Sections 19, 20, and 28 through 33; Township 37 North, Range 87 West, 6th P.M., Sections 23 through 26, and Sections 35 and 36.

(ii) *Depth.* The vertical limits of the Sundance Formation are defined as the Morrision Shale above, and the Triassic Shale below. The average depth to the top of the formation is 20,300 feet.

(171) *Vicksburg Formation in Texas.* RM79-76-088 (Texas 15).

(i) *The Deep Vicksburg Formation in Starr County, Texas.*

(A) *Delineation of formation.* The Deep Vicksburg Formation covers an area of approximately 4.8 square miles in portions of the Ygnacio Flores A-725 and Nicolasa Salinas A-411 surveys located in eastern Starr County, Texas, Railroad Commission District 4.

(B) *Depth.* The top of the Deep Vicksburg Formation is defined as the top of the 9250′ sand, or the unconformity where the 9250′ sand has been eroded. The base of the formation is the base of the V-23 sand.

(ii) *The Lower Vicksburg Formation in Starr County, Texas.*

(A) *Delineation of formation.* The Vicksburg Formation is located in Railroad Commission District 4 in the eastern half of Starr County, Texas.

(B) *Depth.* The top of the Vicksburg Formation is defined as the top of the Rincon Sand and the base as the top of the Yegua sand. Specifically, it is defined as that interval on the log of the Corpus Christi Oil and Gas Company, Heard #1 Well that occurs between a measured depth of 8,260 feet to 10,836 feet, which yields a gross thickness of 2,217 feet.

(172) *Injun Zone of the Pocono Group in West Virginia.* RM79-76-137 (West Virginia-1 Addition II).

(i) *Delineation of formation.* The Injun Zone is a depositional unit of Mississippian age. It is located in the Appalachian Basin in Boone, Cabell, Kanawha, Lincoln, Logan, Mingo, Putnam and Wayne Counties, in southwestern West Virginia, with certain specified excluded areas. (A map showing the excluded areas is on file with the Commission.)

(ii) *Depth.* The designated zone has a depth ranging from 1,200 feet to 3,000 feet. The top of the zone is marked by the base of the Greenbrier Group, and the zone is separated below from the Berea Sandstone of the Pocono Group by an interval of interbedded sandstones and shales (which may include the Squaw and Weir zones) ranging from 350 to 700 feet thick. The Injun zone has a thickness ranging from 10 to 75 feet.

(173) *Squaw zone of the Pocono Group in West Virginia.* RM79-76-127 (West Virginia-1 Addition II).

(i) *Delineation of formation.* The Squaw zone is a depositional unit of Mississippian age. It is located in the Appalachian Basin in Boone, Cabell, Kanawha, Lincoln, Logan, Mingo, Putnam, and Wayne Counties in Southwestern West Virginia, with certain specified excluded areas. (A map showing the excluded areas is on file with the Commission.)

(ii) *Depth.* The designated zone has a depth ranging from 1,250 to 3,000 feet where it is present in the stratigraphic sequence. The zone is separated from the Greenbrier Group above by a sequence of interbedded sandstones and shales (which may include the Injun zone) ranging from 10 to 75 feet thick. It is separated below from the Berea Sandstone by a sequence of sandstones and shales (which may include the Weir zone) approximately 450 feet thick. The zone has a thickness ranging from 0 to 10 feet.

(174) *Weir zone of the Pocono Group in West Virginia.* RM79-76-127 (West Virginia-1 Addition II).

(i) *Delineation of formation.* The Weir zone is a depositional unit of Mississippian age. It is located in the Appalachian Basin in Boone, Cabell, Kanawha, Lincoln, Logan, Mingo, Putnam, and Wayne Counties in southwestern West Virginia, with certain specified excluded areas. (A map showing the excluded areas is on file with the Commission.)

(ii) *Depth.* The designated zone has a depth ranging from 2,000 to 2,250 feet where it exists in the stratigraphic sequence. The zone is separated from the Greenbrier Group above by a sequence of interbedded sandstones and shales (which may include the Injun and Squaw zones) ranging from 100 to 200 feet thick. It is separated from the Berea Sandstone below by a sequence of interbedded sandstones and shales approximately 400 feet thick. The zone has a thickness ranging from 0 to 100 feet.

(175) *Berea Sandstone of the Pocono Group in West Virginia.* RM79-76-127 (West Virginia-1 Addition II).

(i) *Delineation of formation.* The Berea Sandstone is a depositional unit of Mississippian age. It is located in the Appalachian Basin in Boone, Cabell, Kanawha, Lincoln, Logan, Mingo, Putnam, and Wayne Counties in southwestern West Virginia, with certain specified excluded areas. (A map showing the excluded areas is on file with the Commission.)

(ii) *Depth.* The designated formation has a depth ranging from 1,600 to 3,450 feet. The formation is separated from the Greenbrier Group above by a sequence of interbedded shales and sandstones (which may include the Injun, Squaw, and Weir zones) ranging from 360 to 775 feet thick. It overlies the Bedford Shale of Mississippian age, where present, or shales of Devonian age. The formation ranges from 5 to 125 feet thick.

(176) *Venango Group in Pennsylvania.* RM79-76-206 (Pennsylvania—2).

(i) *Delineation of formation.* The Venango Group underlies Fayette, Westmoreland, Indiana Counties, Jefferson County excluding the townships of Barnett and Heath, and eastern Armstrong County including the townships of Pine, Mahoning, Redbank, Wayne, Boggs, Rayburn, Valley, Cowanshannock, Plumcreek, Kittanning, Manor, Bethel, Burrell, South Bend, Kiskiminetas, Parks, and Gilpin. Excluded from the designated area are any known "sweet spots," and all areas identified by Pennsylvania in its recommendation on July 5, 1983, as gas storage areas or oil pools. The Venango Group consists of a sequence of interbedded sandstones and shales of the Upper Devonian System. The Venango Group is the younger of two Upper Devonian sand packages which are bounded by the overlying Mississippian Pocono Group and the underlying Upper Devonian Brallier Shale or its equivalent. The following sands are included in the Venango Group: Hundred Foot, Shannopin, Fifty Foot, Gantz, Upper Nineveh, Lower Nineveh, Snee, Boulder, Hickory, Blue Monday, Gordon, Gordon Stray, 2nd Butler, 1st Venango, Rosenberry, 2nd Venango, Shira, 3rd Venango, 3rd Venango Stray, 3rd, 4th and 5th Knox, Clarion, Byram, Fifth, Bayard, and Elizabeth.

(ii) *Depth.* The average subsurface depth to the top of the Venango Group is approximately 1,500 feet. The thickness of the formation ranges from 500 feet along the western edge of the designated area to 800 feet along the eastern edge.

(177) *Bradford Group in Pennsylvania.* RM79-76-207 (Pennsylvania—3).

(i) *Delineation of formation.* The Bradford Group underlies Fayette, Westmoreland, and Indiana Counties, Jefferson County excluding the townships of Barnett and Heath, and eastern Armstrong County including the townships of Pine, Mahoning, Redbank, Wayne, Boggs, Rayburn, Valley, Cowanshannock, Plumcreek, Kittanning, Manor, Bethel, Burrell, South Bend, Kiskiminetas, Parks, and Gilpin. Excluded from the designated area are any known "sweet spots," and all areas identified by Pennsylvania in its recommendation on July 5, 1983, as gas storage areas or oil pools. The Bradford Group consists of a sequence of interbedded sandstones and shales of the Upper Devonian System. The Bradford Group is the older of two sand packages which are bounded by the overlying Mississippian Pocono Group and the underlying Upper Devonian Brallier Shale or its equivalent. The following sands are included in the Bradford Group: 1st and 2nd Warren, Speechley, Tiona, Balltown, Sheffield, 1st, 2nd, and 3rd Bradford, and Kane.

(ii) *Depth.* The average subsurface depth to the top of the Bradford Group is approximately 2,500 feet. The thickness of the formation ranges from near zero along the western edge of the designated area to approximately 1,300 feet along the eastern edge.

(178) *Catskill/Lock Haven Formation in Pennsylvania.* RM79-76-208 (Pennsylvania—4).

(i) *Delineation of formation.* The "Catskill/Lock Haven" Formation underlies Cambria and Clearfield Counties, western Clinton County including the townships of Noyes, Leidy, East Keating, and West Keating, southern Cameron County including the townships of Grove and Gibson, and southeastern Elk County including the townships of Benezette and Jay. Excluded from the designated area are any known "sweet spots," and all areas identified by Pennsylvania in its recommendation on July 5, 1983, as gas storage areas or oil pools. The "Catskill/Lock Haven" Formation consists of a sequence of interbedded sandstones and shales of the Upper Devonian System which underlies the Mississippian Pocono Group and overlies the Upper Devonian Brallier Shale or its equivalent. The following sands are included in the "Catskill/Lock Haven" Formation: Hundred Foot, Fifth, Bayard, Elizabeth, Warren, Speechley, Balltown, Sheffield, Tiona, 1st, 2nd, and 3rd Bradford, and Kane.

(ii) *Depth.* The average subsurface depth to the top of the "Catskill/Lock Haven" Formation is approximately 1,400 feet. The thickness of the formation ranges from approximately 1,500 to 3,500 feet.

(179) *Pictured Cliffs Formation in New Mexico.* RM79-76-204 (New Mexico—25).

(i) *Delineation of formation.* The Pictured Cliffs Formation is located in Rio Arriba and Sandoval Counties, New Mexico, in Township 22 North, Range 2, 3, 4 and 5 West, all; Township 23 North, Range 2 West, Sections 5 through 9, 16 through 21, and 25 through 36; Township 23 North, Ranges 3, 4 and 5 West, all Sections; Township 24 North, Range 3 West, Sections 19, 20, 26 through 35, and S½ of 36; Township 24 North, Range 4 West, Sections 3 through 10 and 13 through 36; Township 24 North, Range 5 West, all Sections; Township 25 North, Range 4 West, Sections S½ of 30, 31 and 32; Township 25 North, Range 5 West, Sections 15 through 23 and S½ of 24, and 25 through 36, NMPM.

(ii) *Depth.* The Picture Cliffs Formation is defined as that interval at a depth of approximately 3,046 feet to 3,141 feet on the Induction Electric Log from the John E. Schalk, Cinco Diablos Well No. 6. The average depth to the top of the Pictured Cliffs Formation is 2,685 feet.

(180) *Dakota Formation in New Mexico.* RM79-76-218 (New Mexico—26).

(i) Delineation of formation. The Dakota Formation is located in San Juan County, New Mexico, in Township 25 North, Range 9 West, Section 16, 17 E½, 28 W½, 29 E½ and 30 W½ NMPM; Township 25 North, Range 10 West, Section 25 W½, NMPM.

(ii) *Depth.* The Dakota formation is defined as that interval at a depth of approximately 6,234 feet to 6,599 feet on the Induction Spherically Focused Log from the M.J. Brannon 28 No. 2 well. The average depth to the top of the Dakota formation is 6,400 feet.

(181) *"Maxon" sands of the Mauch Chunck Group and the "Injun-Weir" sands of the Pocono Group in Virginia.* RM79-76-217 (Virginia -3)

(i) *Delineation of formation.* The "Maxon" sands and the "Injun-Weir" sands underlie all of Dickenson and Buchanan Counties and portions of Lee, Scott, Wise, Russell, and Tazewell Counties, Virginia.

(ii) *Depth.* The average depth to the top of the "Maxon" sands ranges from 2,610 feet in the eastern portion to 2,930 feet in the western portion of the designated area. The average depth to the top of the "Injun-Weir" sands ranges from 3,855 feet in the eastern portion to 4,040 feet in the western portion of the designated area.

(182) *Strawn Formation in Texas.* RM79-232 (Texas—40).

(i) *Delineation of formation.* The Strawn Formation is found in the western part of the State of Texas. The designated area lies primarily in the extreme western part of Sutton County, and extends north into the southwest part of Schleicher County, and to the west into the eastern part of Crockett County.

(ii) *Depth.* The vertical limits of the Strawn Formation are defined by the Canyon sand and shale formations above and the Atoka formation below. The depth to the top of the formation is approximately 7,383 feet in the northeast part of the designated area and dips to 9,858 feet in the southwest, having an average depth of 8,300 feet to the top of the formation. In a type log, the Amoco Production Company Edwin S. Mayer, Jr. No. C-8 well, located in the northern part of the designated area, the thickness of the Strawn Formation is 306 feet. A gradual thickening of the formation occurs toward the south part of the designated area.

(183) *Morrow Formation in New Mexico.* RM79-76-234 (New Mexico-27).

(i) *Delineation of formation.* The Morrow Formation is located in Lea County, New Mexico, in Township 24 South, Range 33 East, NMPM, Section 11 through 14, 23 through 26, and 35 and 36 Township 24 South, Range 34 East, NMPM, Section 8 S/2, 9 S/2, 14 W/2, 15 through 17, 19 through 22, 23 W/2, 26 W/2, 27 through 34, and 35 W/2.

(ii) *Depth.* The Morrow Formation has a gross pay thickness of approximately 96 feet and begins at the base of the Atoka Formation and extends to the top of the Chester Formation. The average depth to the top of the Morrow Formation is 14,287 feet.

(184) *Niobrara Formation in Colorado.* RM79-76-235 (Colorado-39).

(i) *Delineation of formation.* The Niobrara Formation is located in Weld County, Colorado, in Township 4 North, Range 66 West, 6th P.M., Sections 2 through 10, and 15 through 18 Township 5 North, Range 64 West, 6th P.M., Sections 1 through 24; Township 5 North, Range 65 West, 6th P.M., Section 1; Township 5 North, Range 66 West, 6th P.M., Sections 2 through 11 and 14 through 35; Township 5 North 67 West, 6th P.M., Sections 1 through 3, 11 through 14, 23 and 24; Township 6 North, Range 64 West, 6th P.M., Sections 7, and 13 through 36; Township 6 North, Range 65 West, 6th P.M., Sections 7 through 31, and 34 through 36. Township 6 North, Range 66 West, 6th P.M., Sections 6 through 36; Township 6 North, Range 67 West, 6th P.M., all Sections; and in Larimer County, Colorado, in Township 6 North, Range 68 West, 6th P.M., Sections 1 and 2, 11 through 14, 23 through 26, 35 and 36

(ii) *Depth.* The Niobrara Formation is defined as that interval which begins at a depth of approximately

6,900 feet and varies in thickness from 280 feet to 320 feet.

(185) The Berea Sandstone and "Second Berea" zone of the Pocono Group and the "Gordon" zone of the Hampshire Group in West Virginia. RM79-76 (West Virginia—4).

(i) *Delineation of formation.* The Berea Sandstone, "Second Berea" zone, and "Gordon" zone underlie portions of Jackson, Mason, and Wood Counties. The Berea Sandstone lies immediately below the Sunbury Shale and the "Gordon" zone lies above the "Brown Shale" zone.

(ii) *Depth.* The average depth to the top of the Berea Sandstone and "Second Berea" zone ranges from 1,500 feet in western Mason County to over 2,700 feet in eastern Jackson County. The average depth to the top of the "Gordon" zone ranges from 2,538 feet in Wood County to 2,852 feet in Jackson County.

(186) Arbuckle Formation in Arkansas. RM79-76-223 (Arkansas-1).

(i) *Delineation of formation.* The Arbuckle Formation is found in White County, Arkansas. The designated area includes Sections 1, 2, 11, 12, 13, and 14 of Township 8 North, Range 8 West, and Sections 6, 7, and 18 of Township 8 North, Range 7 West.

(ii) *Depth.* The Arbuckle Formation's vertical limits are defined by the Everton Formation above and the Cambrian sequence below. The depth to the top of the formation averages 6,400 feet and the gross thickness varies from approximately 1,000 to 1,500 feet.

(187) *"Corniferous-Big Six" Formation of the Hunton Group and the "Clinton" Formation of the Crab Orchard Group in Kentucky.* RM79-76-241 (Kentucky-4)

(i) *Delineation of formations.* The "Corniferous-Big Six" Formation of the Hunton Group and the "Clinton" Formation of the Crab Orchard Group is found in Lawrence and Johnson Counties, Kentucky. Several areas in these counties are excluded from the designation and are shown on maps on file with the Commission.

(ii) *Depth.* The average depth to the top of the "Corniferous-Big Six" Formation ranges from 2,900 feet in the east to 1,750 feet in the west and has a thickness ranging from 500 feet to 775 feet. It is overlain by the Devonian Ohio Shale and underlain by the Silurian Rose Hill Shale. The average depth to the top of the "Clinton" Formation ranges from 2,460 feet in the west to 4,050 feet in the east and has thickness ranging from 0 to 35 feet. It is overlain by the Rose Hill Shale and underlain by the Brassfield Dolomite.

(188) *Dakota Formation in Utah.* RM79-76-136 (Utah-5).

(i) *Delineation of formation.* The Dakota Formation is located in Grand and Uintah Counties, Utah, in the area of Township 12 South, Ranges 21 through 25 East; Township 13 South, Ranges 20 through 26 East; Township 14 South, Ranges 20 through 26 East; Township 15 South, Ranges 20, W/2 21, N/2 23, and 24 through 26 East; and Township 15½ South, Range 24, Sections 33 through 36, and Ranges 25 and 26 East.

(ii) *Depth.* The Dakota Formation's vertical limits are defined by the Dakota Silt Formation above and the Morrison Formation below. The average thickness throughout the proposed area is approximately 200 feet and the average depth to the top of the Dakota Formation is 8,925 feet.

(189) *Niobrara Formation in Colorado.* RM79-76-240 (Colorado-40).

(i) *Delineation of formation.* The Niobrara Formation is located in Adams County, Colorado, in Township 1 South, Range 68 West, Sections 1 through 24; in Boulder County, Colorado, in Township 1 South, Range 69 West, Sections 1 through 24; Township 1 North, Range 69 West, Sections 1 through 36; and in Weld County, Colorado, in Township 1 North, Range 68 West, Sections 1 through 36, 6th P.M.

(ii) *Depth.* The average depth to the top of the Niobrara Formation is 7,600 feet. The Niobrara Formation varies in thickness from 250 to 450 feet.

(190) *Niobrara Formation in Colorado.* RM79-76-245 (Colorado-40 Addition).

(i) *Delineation of formation.* The Niobrara Formation is located in Adams County, Colorado, in Township 1 South, Range 67 West, Sections 1 through 36; Township 1 South, Range 68 West, Sections 25 through 36; and in Weld County, Colorado, in Township 1 North, Range 67 West, Section 32 S/2, 6th P.M.

(ii) *Depth.* The average depth to the top of the Niobrara Formation is 7,500 feet. The Niobrara Formation varies in thickness from 250 to 450 feet.

(191) *Strawn Formation in Texas.* RM79-76-237 (Texas-40) *Massie (Strawn) Field, Crockett and Val Verde Counties.*

(i) *Delineation of formation.* The designated area is located approximately 25 miles south of Ozona, Texas, along the common Crockett and Val Verde County lines. The designated area is specifically located in the eastern half of Section 13; the entire portion of Sections 14, 15, 16, 25, 26, 27, 28, 52, 53, 54, 55, 56, 65, 66, 67, 68, 69, 92, 93, 94, 95, 96, 105, 106, 107, 108 and 109 of Block O, GH & SA RR Survey; Section 95 of Block A, TC RR Survey; and Section 182 of Block O, M.A. Sharp Survey.

(ii) *Depth.* The average depth to the top of the designated area is 11,165 feet and the thickness varies from approximately 200 feet on the top of the Massie (Strawn) Field anticline to over 550 feet off structure.

(192) *Turner Formation in Wyoming.* RM79-76-242 (Wyoming 18).

(i) *Delineation of formation.* The Turner Formation underlies approximately 85,760 acres within Campbell and Converse Counties, Wyoming, in Township 40 North, Range 69 West, 6th P.M., Sections 7, 18, 19, 30, and 31; Township 40 North, Range 70 West, 6th P.M., All Sections; Township 40 North, Range 71 West, 6th P.M., Sections 1, 2, 3, 11, 12, and 13; Township 41 North, Range 70 West, 6th P.M. Sections 4 through 9, 16 through 22, and 25 through 36; Township 41 North, Range 71 West, 6th P.M., Sections 1 through 5, 8 through 17, 20 through 26, 28, 34, 35, and 36; Township 42 North, Range 70 West, 6th P.M., Sections 18, 19, 30, and 31; Township 42, Range 71 West, 6th P.M., Sections 1 through 22, 24, 25, 27 through 29, and 32 through 36.

(ii) *Depth.* The Turner Formation's vertical limits are defined by the Sage Breaks Shale Formation above and the Carlile Shale Formation below. The average depth to the top of the Turner Formation is 9,400 feet and has an average thickness of 30 feet.

(193) *"Riley-Benson" zones of the Chemung Group in West Virginia.* RM79-76-135 (West Virginia-3).

(i) *Delineation of formation.* The "Riley-Benson" zones cover an area of approximately 3,197 square miles in portions of Barbour, Doddridge, Gilmer, Harrison, Lewis, Upshur, and Randolph Counties, West Virginia.

(ii) *Depth.* The "Riley-Benson" interval is approximately 350 feet in thickness. The top of the "Riley-Benson" zones interval ranges from 5,200 feet in the western portion to 3,000 feet in the eastern portion with the average depth to the top of the interval being 3,783 feet.

(194) *Barnett Shale Formation in Texas.* RM79-76 (Texas—39).

(i) *Delineation of formation.* The Barnett Shale Formation is found in Texas in all of Wise County and the western one-half of Denton county, Railroad Commission District 9; and the north-western one-quarter of Tarrant County, Railroad Commission District 5. The designated area covers 1,592 square miles.

(ii) *Depth.* The Barnett Shale Formation in the designated area lies uncomformably over the Ordovician (Ellenburger) and lies below the Barnett Lime or Pennsylvanian Morrow. The depth to the top of the Barnett Shale Formation varies from an estimated sub-sea depth of 4,800 feet in Wise County to 7,900 feet in Tarrant County, with an approximate thickness ranging from 236 feet in Wise County to 300 feet in Tarrant County. A typical Barnett Shale section occurs between the electric log depths of 7,194 feet and 7,444 feet on the well log of the Mitchell Energy Corporation C. W. Slay No. 1 well.

(195) *Upper Marchand Sand of the Hoxbar Group in Oklahoma.* RM79-76-246 (Oklahoma-7).

(i) *Delineation of formation.* The Upper Marchand Sand of the Hoxbar Group is found in Section 11, Township 3 North, Range 9 West, in Comanche County, Oklahoma.

(ii) *Depth.* The depth to the top of the Upper Marchand Sand is 9,976 feet. The average net thickness of the recommended zone is 50 feet. The recommended zone consists of the upper half of the Marchand Sand. The Marchand Sand is overlain by the Medrano Sandstone and underlain by the Culp-Melton Zone.

(196) *Hosston Formation in Louisiana.* RM79-76 (Louisiana-7).

(i) *Delineation of formation.* The Hosston Formation is located in Township 12 North, Ranges 7, 8, and 9 West; Township 13 North, Ranges 7, 8, and 9 West; and Township 14 North, Ranges 7, 8, and 9 West; comprising approximately 324 square miles of portions of Bienville, Natchitoches, and Red River Parishes, Louisiana.

(ii) *Depth:* The Hosston Formation is defined as being that gas and condensate bearing sand encountered between the measured depths of 7,320 feet and 10,090 feet on the induction electrical log of the Amerada Hess Corporation--Placid Oil Company--Charles Beach Jr. No. 1 well, located in section 34, Township 12 North, Range 8 West, Red River Parish, Louisiana.

(197) *Dakota Producing Interval in New Mexico.* RM79-76 (New Mexico-14).

(i) *Delineation of formation.* The Dakota Producing Interval is located in Township 31 North, Range 13 West, sections 1 through 12, sections 14 through 21, sections 28 through 32, NMPM, San Juan County, New Mexico. The interval is within the Basin—Dakota Gas Pool, in the northwestern portion of the San Juan Basin near the Hogback Monocline.

(ii) *Depth.* The Dakota Producing Interval is composed of the Granerous Shale Formation, the Dakota Formation, and the productive upper portion of the Morrison Formation. The average depth to the top of the Dakota Formation is 6,544 feet. Gross thickness of the interval is approximately 400 feet.

(198) *The Maxton, Little Lime, and Blue Monday zones of the Mauch Chunk Group; the Big Lime and Keener zones of the Greenbrier Group; and the Big Injun and Squaw zones of the Pocono Group underlying portions of Braxton and Clay Counties, West Virginia.* RM79-76-233 (West Virginia—5)

(i) *Delineation of formation.* The Maxton zone underlies the Salt Sands zone of the Pottsville Group of Pennsylvania age and overlies the Little Lime zone of the Mauch Chunk Group. The Little Lime zone underlies the Maxton zone and overlies the Blue Monday zone of the Mauch Chunk Group. The Blue Monday zone underlies the Little Lime zone and overlies the Big Lime zone of the Greenbrier Group. The Big Lime zone underlies the Blue Monday zone and overlies the Keener zone of the Greenbrier Group. The Keener zone underlies the Big Lime zone and overlies the Big Injun zone of the Pocono Group. The Big Injun zone underlies the Keener zone and overlies the Squaw zone of the Pocono Group. The Squaw zone underlies the Big Injun zone and overlies the Weir zone of the Pocono Group.

(ii) *Depth.* The average depth to the top of each of the zones is as follows: Maxton, 1,550 feet; Little Lime, 1,650 feet; Blue Monday, 1,685 feet; Big Lime, 1,735 feet; Keener, 1,845 feet; Big Injun, 1,865 feet; and Squaw, 2,025 feet.

(199) *Dakota Formation in Colorado,* RM79-76 (Colorado-23).

(i) *Delineation of formation.* The Dakota Formation is located in Garfield and Mesa Counties, Colorado and underlies portions of Townships 7 through 13 South, Ranges 97 through 98 and 100 through 104 West, 6th P.M.; Township 1 North, Ranges 1 and 2 West, Ute P.M.; Township 2 North Range 2 West, Ute P.M.; Township 1 North, Range 1 East, Ute P.M.; Township 1 South Range 1 West, Ute P.M.; and Townships 1 through 3 South, Ranges 1 and 2 East, Ute P.M.

(ii) *Depth.* The average depth to the top of the Dakota formation is 2,815 feet.

(200) *Morrison Formation in Colorado,* RM79-76 (Colorado-23).

(i) *Delineation of formation.* The Morrison Formation is located in Garfield and Mesa Counties, Colorado and underlies portions of Township 7 through 13 South, Ranges 97 through 98 and 100 through 104 West, 6th P.M.; Townships 1 and 2 North, Ranges 1 and 2 West, Ute P.M.; Township 1 North, Range 1 East, Ute P.M.;

Township 1 South, Range 1 West, Ute P.M.; and Townships 1 through 3 South, Ranges 1 and 2 East, Ute P.M.

(ii) *Depth.* The average depth to the top of the Morrison Formation is 3,005 feet.

(201) *Niobrara Formation in Colorado.* (Colorado-38 Addition).

(i) *Delineation of formation.* The Niobrara Formation is located in Weld County, Colorado, in Township 4 North, Range 68 West, Sections 7, 8, 17-20, 29-32, in Larimer County, Colorado, in Township 4 North, Range 69 West, Sections 11-14, 23-27, 34-36, and Township 3 North, Range 69 West, Sections 1-3, 6th P.M.

(ii) *Depth.* The Niobrara Formation underlies the Pierre Shale and overlies the Codell Formation. The top of the Niobrara Formation varies in depth from zero at 7,000 feet and averages 5,300 feet. The Niobrara Formation averages 225 feet in thickness.

(202) *Niobrara Formation in Colorado.* (Colorado-39 Addition).

(i) *Delineation of formation.* The Niobrara Formation is located in Weld County, Colorado, in Township 4 North, Range 64 West, 6th P.M., all Sections; Township 4 North, Range 65 West, 6th P.M., all Sections; Township 5 North, Range 64 West, 6th P.M., Sections 25 through 36; Townships 5 North, Range 65 West, 6th P.M., Sections 2 through 36; Township 5 North, Range 66 West, 6th P.M., Sections 1, 12, 13, and 36; and Township 6 North, Range 65 West, 6th P.M., Sections 31 and 32.

(ii) *Depth.* The Niobrara Formation is defined as that interval which begins at a depth of approximately 7,000 feet and varies in thickness from 250 feet to 350 feet. The Niobrara in this area is found between the bottom of the Sharon Springs Shale and the top of the Codell Sandstone.

(203) *The "Big Lime" Formation in Virginia.* (Virginia-4).

(i) *Delineation of formation.* The "Big Lime" Formation is located in the plateau region of southwestern Virginia and consists of most of Dickenson County and portions of Lee, Scott, Wise, Russell, and Tazewell Counties (maps showing the area are on file with the Commission).

(ii) *Depth.* The depth to the top of the formation ranges from above sea level along the Pine Mountain thrust exposure and on top of the Powell Mountain anticline near the northwest boundary to 1,950 feet below sea level to the south in Wise County. The formation ranges in thickness from 450 feet in the northwest to 950 feet toward the southeast.

(Natural Gas Policy Act of 1978, 15 U.S.C. 3301-3432 (1982); Department of Energy Organization Act, 42 U.S.C. 7101-7352 (1982); E. O. 12009, 3 CFR Part 142 (1978); Administrative Procedure Act, 5 U.S.C. 553 (1982))

[Order 99, 45 FR 56044, Aug. 22, 1980]

EDITORIAL NOTE: For FEDERAL REGISTER citations affecting § 271.703, see the List of CFR Sections Affected in the Finding Aids section of this volume.

### § 271.704 Qualified production enhancement gas.

(a) *Maximum lawful price for qualified production enhancement gas.*

(1) The maximum lawful price, per MMBtu, for the first sale of qualified production enhancement gas shall be the lesser of:

(i) The renegotiated price or the pipeline production price, as applicable, as stated in the application; or

(ii) The section 109 price.

(2) *Requirement of completed production enhancement work.* If the production enhancement work has not been completed on or before the date the application is filed, the maximum lawful price provided in paragraph (a)(1) of this section shall not apply until the production enhancement work is completed and the seller has given written notice to the purchaser stating that the production enhancement work upon which the application for determination of eligibility is based, has been completed. The applicant must retain a copy of this notice in his records for a period of three years after the month in which the first sales priced under this section occurred.

(3) *Elimination of price controls.* For purposes of determining the price paid, under section 121(a)(3) of the NGPA, any amount paid solely by reason of a maximum lawful price allowed by this section shall be disregarded.

(b) *Definitions.* For purposes of this subpart:

(1) "Qualified production enhancement gas" means natural gas that a jurisdictional agency has determined in accordance with Parts 274 and 275 meets the qualification requirements in paragraph (c) of this section.

(2) "Production enhancement work" means an operation or installation of equipment described in paragraph (d) of this section.

(3) "Renegotiated price" means a price (not in excess of the section 109 price) agreed to after November 9, 1978, in connection with the production enhancement work which is the subject of an application under this section.

(4) "Section 109 price" means the maximum lawful price specified for Subpart I of Part 271 in Table I of § 271.101(a).

(5) "Pipeline production price" means any price which is paid by the transmission divisional unit of a pipeline in a first sale to the production divisional unit of that pipeline and which does not exceed the amount paid in comparable first sales between persons not affiliated with such interstate pipelines.

(c) *Qualified production enhancement gas.* For purposes of this section:

(1) Qualified production enhancement gas is natural gas:

(i) Which is produced—

(A) For wells or zones for which a maximum lawful price prescribed by Subpart E of Part 271 applies (but for this section):

(*1*) From a well on which production enhancement work (other than production enhancement work described in paragraph (d)(3) of this section) was commenced on or after May 29, 1980; or

(*2*) From a zone that is perforated in accordance with paragraph (d)(3) of this section on or after May 29, 1980;

(B) For wells or zones for which a maximum lawful price prescribed by Subpart D or F of Part 271 applies (but for this section):

(*1*) From a well on which production enhancement work (other than production enhancement work described in paragraph (d)(3) of this section) was commenced on or after [insert date on which order on rehearing is issued]; or

(*2*) From a zone that is perforated in accordance with paragraph (d)(3) of this section on or after September 26, 1983.

(ii) For which a maximum lawful price prescribed by Subparts D, E, or F of Part 271 applies (but for this section);

(iii) For which a renegotiated price is applicable;

(iv) For the production of which there is a reasonable basis, grounded in part on the amount of the investment, to conclude that:

(A) The price prescribed in paragraph (a) of this section is necessary as a reasonable incentive; and

(B) But for the availability of the price prescribed in paragraph (a) of this section, the production enhancement work would not have been performed or will not be performed; and

(v) The production of which (as calculated by the seller for a five year period beginning from the month of application ("test period"), based on estimates filed pursuant to § 274.205(f)(4)) will result in a projected increase in revenue which, when divided by the projected increase in units of production, does not exceed 200 percent of the maximum lawful price specified for Subpart C—NGPA section 103(b)(1) for the month that the application is filed.

(2) "Projected increase in revenue" means:

(i) The product of (A) the estimated units of gas production (MMBtu's) which would be produced from the well during the test period if production enhancement work has been completed on the day that the application is filed, times (B) the section 109 price (unless paragraph (c)(4) of this section otherwise permits) for the month that the application is filed, less

(ii) The product of (A) the estimated units of gas production (MMBtu's) which would be produced from the well during the test period if the production enhancement work is not performed, or had not been performed, times (B) the maximum lawful price otherwise applicable to natural gas from the well as of the date the application is filed.

(3) "Projected increase in units of production" means:

(i) The estimated units of gas production (MMBtu's) which would be produced from the well during the test period if the production enhancement work had been completed on the day that the application is filed, less

(ii) The estimated units of gas production (MMBtu's) which would be produced from the well during the test period if the production enhancement work is not performed, or had not been performed.

(4) For purposes of paragraph (c)(2)(i)(B) of this section, if the renegotiated price is a fixed price or a percentage of the section 109 price, such renegotiated price (as of the date of application) may be substituted for the section 109 price in making the determination required in paragraph (c)(2) of this section.

(d) *Production enhancement work defined.* For purposes of this section, "production enhancement work" means any work that is performed for one or more of the following purposes:

(1) Re-entry into a well which has been plugged and abandoned.

(2) Re-entry into a well for the purpose of deeper drilling, or sidetracking, to a different completion location.

(3) Recompletion by reperforation of a zone from which natural gas has been produced or by perforation of a different zone.

(4) Repair or replacement of faulty or damaged casing, tubing or related downhole equipment.

(5) Fracturing, acidizing or the installing of compression equipment.

(6) Installing equipment necessary for removal of excessive water, brine or condensate from the wellbore in order to establish, continue or increase production of gas from the well.

(7) Workover operations to reduce excessive water or brine production in order to establish, continue or increase production of gas from the well.

(8) Operations to dispose of water or brine produced from the well, the presence of which prevents or severely limits gas production from the well.

(9) Workover operations to reduce excessive sand production or operations to remove excessive sand from the well-bore in order to continue production of gas from the well.

(10) Injection of nitrogen gas or other inert gas necessary to establish, continue or increase production of gas from the reservoir.

(e) *Cross reference.* For the rule establishing the maximum lawful price for qualified production enhancement gas which becomes subject to an intrastate rollover contract, *see* § 271.602(c).

[Order 107, 45 FR 77429, Nov. 24, 1980, as amended at 48 FR 45102, Oct. 3, 1983; Order 391, 49 FR 33859, Aug. 27, 1984; Order 406, 49 FR 46884, Nov. 29, 1984]

## Subpart H—Stripper Well Natural Gas

AUTHORITY: Natural Gas Policy Act of 1978, Pub. L. 95-621, 92 Stat. 3350; Department of Energy Organization Act, 42 U.S.C. 7107, *et seq.*, E.O. 12009, 42 FR 46267.

SOURCE: Order 44, 44 FR 49662, Aug. 24, 1979, unless otherwise noted.

### § 271.801 Applicability.

This subpart implements section 108 of the NGPA and applies to any first sale of natural gas which a jurisdictional agency determines is stripper well natural gas.

### § 271.802 Maximum lawful price.

The maximum lawful price, per MMBtu, for natural gas to which this subpart applies shall be the price specified for Subpart H of Part 271 in Table I of § 271.101(a).

### § 271.803 Definitions.

For purposes of this subpart:

(a) *Recognized enhanced recovery techniques.* "Recognized enhanced recovery techniques" means processes or equipment, or both, which when performed or installed by the producer increase the rate of production of gas from a well. Processes qualifying as recognized enhanced recovery techniques include mechanical as well as chemical stimulation of the reservoir formation. Equipment may include items installed in the well bore or on the surface.

Normal well maintenance, repair, or replacement of equipment or facilities does not qualify as enhanced recovery techniques. Normal completion operations (as defined by the jurisdictional agency or, if the agency has not defined the term, by state custom or practice) which are performed within two years of the initial completion do not qualify as recognized enhanced recovery techniques. Any drilling activity which results in production from another reservoir does not qualify as a recognized enhanced recovery technique.

(b) *Nonassociated natural gas.* "Nonassociated natural gas" means natural gas produced from a well which a jurisdictional agency determines produced an average number of barrels of crude oil per production day during the production period upon which the determination is based, which does not exceed the numer of barrels determined in accordance with the following table:

| If the average production of natural gas per production day during such production period was | Then average crude oil production per day may not exceed |
|---|---|
| 50 Mcf or more but not more than 60 Mcf. | 1 bbl. |
| 30 Mcf or more but less than 50 Mcf. | 2 bbl. |
| Less than 30 Mcf | 3 bbl. |

(c) *90-day production period.* (1) "90-day production period" means any period of 90 consecutive calendar days excluding any day during which natural gas is not produced for reasons other than voluntary action of any person with the right to control production of natural gas from such well.

(2) Where records for a 90-consecutive-calendar-day period indicate that the well produced 60 Mcf or less per production day during that period, a rebuttable presumption is created that the well produced 60 Mcf or less per production day during the 90-day production period defined in paragraph (c)(1) of this section.

(d) *Production day.* "Production day" means:

(1) Any day during which natural gas is produced; and

(2) Any day during which natural gas is not produced if production during such day is prohibited by a requirement of State law or a conservation practice recognized or approved by the State agency having regulatory jurisdiction over the production of natural gas.

(e) *Produced.* Natural gas is produced, within the meaning of section 108(b)(3)(A) and (B) of the NGPA:

(1) On any day during which there is measurable production of natural gas from a well, and

(2) On any day during which a well is open to the line but is unable to produce measurable quantities of gas.

[Order 44, 44 FR 49662, Aug. 24, 1979, as amended by Order 188, 46 FR 57466, Nov. 24, 1981]

### § 271.804 Special rules.

(a) *Rate of production.* For purposes of determining the rate of production from a well for which a stripper well determination is sought:

(1) The total volume of natural gas produced from the well shall constitute its daily production regardless of whether the well is completed in more than one interval or the production is separately metered from separate intervals;

(2) Production may be measured either before or after the extraction of natural gas liquids.

(b) *Averaging of production.* If a determination of stripper well status is sought with respect to wells which are not individually metered, rates of production of natural gas and oil may, in the absence of other reliable evidence, be averaged equally among the non-metered wells.

(c) *Applications for determinations.* Applications under this subpart shall be based on a 90-day production period which falls entirely within the 180 days prior to the date on which the application is filed.

(d) *Seasonally affected wells.* (1) If together with a petition for qualification as a stripper well, the applicant submits to the jurisdictional agency production reports for a period of at least 24 months ending concurrently with the 90-day production period which is the basis for the application under paragraph (c) of this section and if such reports demonstrate that the well is subject to seasonal fluctuations which temporarily increase average production above 60 Mcf per production day, the jurisdictional agency may, upon request, designate the well as "seasonally affected." Such designation shall be granted by the jurisdictional agency only if it finds that the seasonal fluctuations have not increased and cannot reasonably be expected to increase production levels above an average of 60 Mcf per production day for any 12-month period.

(2) If at any time subsequent to a final determination of stripper well status, the operator acquires production reports for a period of 24 consecutive months which demonstrate that the well is "seasonally affected", a petition may be filed with the jurisdictional agency for designation as a seasonally affected well. The jurisdictional agency shall make the designation according to the standards described in paragraph (d)(1) of this section.

(3) If a well is designated as seasonally affected, the operator of such well and the purchaser of production from such well are exempt from the filing requirements of § 271.805(d) unless the average rate of production exceeds 60 Mcf per production day for a 12-month period.

(e) *Temporary pressure buildup in previously qualifying stripper wells.* (1) A previously qualifying stripper well which produces natural gas at a rate in excess of an average of 60 Mcf per production day during any 90-day production period shall not be disqualified if the jurisdictional agency finds pursuant to a petition filed under § 271.805 that:

(i) The rate of production in excess of 60 Mcf per production day is the result of pressure buildup which occurred when the well was temporarily shut-in;

(ii) Total production for the relevant 90-day production period did not exceed 5400 Mcf; and

(iii) Based on the well's production history and any other available data, the well could reasonably have been expected to produce at an average rate not exceeding 60 Mcf per production day during the relevant 90-day production period had the well been continuously open to the line during such period.

(2) A previously qualifying stripper well is a well which:

(i) Has been determined by a jurisdictional agency to qualify as a stripper well pursuant to this subpart, or is the subject of a pending application before a jurisdictional agency, and

(ii) If disqualified, has requalified prior to the 90-day production period in which the temporary pressure buildup occurs.

(3) If a previously qualifying stripper well, which qualified pursuant to paragraph (e)(1) subsequently produces in excess of an average of 60 Mcf per production day for a 90-day period because of pressure buildup occurring during a temporary shut-in, a new petition pursuant to paragraph (e)(1) need not be filed to avoid disqualification of the well so long as production does not exceed 5400 Mcf for a 90-day production period. If a well is disqualified as a stripper well after qualifying for a pressure buildup determination pursuant to paragraph (e)(1) but requalifies before a subsequent 90-day production period in which a temporary pressure buildup occurs, it will continue to qualify pursuant to this paragraph based on the prior petition filed pursuant to paragraph (e)(1).

(4) If a well which produces in excess of 60 Mcf per production day continues to qualify for stripper well prices under paragraph (e)(3), the operator of such well and the purchaser of production from such well are exempt from the filing requirements of § 271.805(d) for subsequent period

(f) *Enhanced recovery technique wells.* An enhanced recovery technique cannot be applied to a well during any 90-day production period in which the production exceeds an average of 60 Mcf per production day.

(Approved by the Office of Management and Budget under control number 190 0112)

[Order 44, 44 FR 49662, Aug. 24, 1979, as amended at 46 FR 6902, Jan. 22, 1981; Order 336, 48 FR 44517, Sept. 29, 1983; 48 FR 54947, Dec. 7, 1983; Order 445, 51 FR 43 Feb. 4, 1986]

### § 271.805 Continuing qualification.

(a) *General rule for qualification.* The maximum lawful price specified in § 271.802 shall apply to gas produced from:

(1) A well for which an application has been filed under Part 274 or a determination has been made under Part 274 that the well produced nonassociated natural gas at a rate not exceeding an average of 60 Mcf per production day for a 90-day production period; or

(2) A well for which an application has been filed under Part 274 or has been designated a seasonally affected well (as defined by § 271.803(b) of this subpart) at a rate not exceeding an average of 60 Mcf per production day for any 12-month period.

(b) *General rule for disqualification.* The maximum lawful price specified in § 271.802 shall not apply to a well otherwise qualified under paragraph (a) of this section which produces an average of more than 60 Mcf of natural gas per production day for any 90-day production period or any 12-month production period for seasonally affected wells without regard to the production of crude oil. The ceiling price for gas produced from such a disqualified well shall be the otherwise applicable maximum lawful price.

(c) *General rule for requalification.* The maximum lawful price specified in § 271.802 shall apply to natural gas produced from a well which was qualified under paragraph (a)(1) of this section but was disqualified under paragraph (b) of this section provided the production from that well decreases to a level not exceeding an average of 60 Mcf of natural gas per production day for a new 90-day production period without regard to the production of crude oil. An application to a jurisdictional agency is not required to requalify under this paragraph. Natural gas produced from a well which was qualified under paragraph (a)(2) of this section but was disqualified under paragraph (b) of this section can requalify as stripper well natural gas under this section but only be requalified as natural gas produced from a seasonally affected well by receiving a new jurisdictional agency seasonally affected determination that the natural gas qualifies under § 271.804(d) of this subpart.

(d) *Notice of disqualification.* (1) Unless exempt under §§ 271.804(d)(3) or 271.804(e)(4), the operator and any purchaser of natural gas shall give written notice if a well has been disqualified under paragraph (b) of this section.

(2) Notice required under paragraph (d)(1) of this section shall be given within 90 days after the last day of the 90-day or the 12-month production period in which the increased production of natural gas occurred.

(3) Such notice shall be served on the Commission and on the operator and any purchaser, as appropriate.

(e) *Petition under § 271.806.* (1) The operator or purchaser may file with the jurisdictional agency:

(i) A motion contesting the disqualification or requalification under paragraph (b) or (c) of this section, (or continuing qualification under paragraph (e)(3) of § 271.804), and include a copy if applicable, of the notice filed under paragraph (d) in the motion;

(ii) A petition for a determination under § 271.806 that the increased production of natural gas is:

(A) The result of the application of an enhanced recovery technique;

(B) If the well has not been designated as seasonally affected, the result of seasonal fluctuations; or

(C) The result of pressure buildup which occurred when the well was temporarily shut-in.

(2) A petition or motion filed under paragraph (e)(1) of this section may be filed at any time after notice is given under paragraph (d) of this section. A copy of the petition or motion and of the notice required under paragraph (d)(1) of this section shall be provided to the purchaser or operator, as appropriate.

(f) *Collection subject to refund.* An operator who files a petition or motion under paragraph (e) of this section may collect, subject to refund, the maximum lawful price set forth in §271.802:

(1) from the last day of the 90-day or the 12-month production period in which production from the well exceeded an average of 60 Mcf per production day, if such petition or motion is filed within 150 days of the last day of such 90-day or 12-month period or

(2) from the date such petition or motion is filed in all other cases.

(g) *Filing requirements for increased production based on enhanced recov-*

*ery techniques.* If subsequent to the filing of a petition it is determined that the increase in production of natural gas is the result of recognized enhanced recovery techniques, neither the operator nor the purchaser shall be obligated to report average production levels above 60 Mcf per day during any 90-day production period unless there is an increase in production resulting from causes other than use of recognized enhanced recovery techniques determined to have been used.

(Approved by the Office of Management and Budget under control number 1902-0112)

[Order 186, 46 FR 57469, Nov. 24, 1981, as amended by Order 336, 48 FR 44517, Sept. 29, 1983; 48 FR 54947, Dec. 7, 1983; Order 445, 51 FR 4310, Feb. 4, 1986]

### § 271.806 Jurisdictional agency determinations and Commission review.

(a) *Petition under §§ 271.804(d) and (e) and 271.803(a).* The jurisdictional agency shall treat the following petitions as if they were applications for initial determinations and shall comply with the applicable provisions of Subpart A of Part 274 of this chapter:

(1) Petitions to designate a well as seasonally affected pursuant to § 271.804(d);

(2) Petitions to determine that production is excess of an average of 60 Mcf per production day was due to,

(i) Use of recognized enhanced recovery techniques defined in § 271.803(a), or

(ii) Temporary pressure buildup pursuant to § 271.804(e).

(b) *Motion contesting a disqualification or a requalification.* The jurisdictional agency shall treat a motion contesting a disqualification or a requalification under § 271.805(e)(1)(i) as if it were an application for initial determination and shall comply with the application provisions of Subpart A of Part 274 of this chapter.

(c) *Review of determinations.* Upon receipt of notice of a determination made under paragraph (a) or (b) of this section, the Commission will review such determination pursuant to the applicable provisions of Subpart B of Part 275.

(d) *Declaratory order or staff interpretation.* A jurisdictional agency, when making a determination under § 271.806(a) (relating to production in excess of 60 Mcf per production day resulting from the application of recognized enhanced recovery techniques), may seek a declaratory order or staff interpretation from the Commission that a process (or type of process) or the installation of equipment (or type of equipment) qualifies as a recognized enhanced recovery technique as defined in § 271.803(a). The petition for declaratory order shall be filed in accordance with the requirements of § 1.7(c) of the Commission's Rules of Practice and Procedure (18 CFR 1.7(c)).

(Approved by the Office of Management and Budget under control number 1902-0112)

[Order 44, 44 FR 49662, Aug. 24, 1979, as amended at 46 FR 6902, Jan. 22, 1981; Order 187, 46 FR 54767, Nov. 24, 1981; Order 336 48 FR 44518, Sept. 29, 1983; 48 FR 54947 Dec. 7, 1983]

### § 271.807 Maximum efficient rate of flow.

(a) *Determination under recognized conservation practice.* If a maximum efficient rate of flow for a well, determined in accordance with recognized conservation practices designed to maximize the ultimate recovery of natural gas, has been established by a jurisdictional agency, production of natural gas at that rate shall be deemed to be production at the maximum efficient rate of flow.

(b) *Alternative methods for determination.* If a maximum efficient rate of flow has not been determined in accordance with paragraph (a) of this section by a jurisdictional agency, for a well which has produced nonassociated gas at an average rate of 60 Mcf per production day or less for a 90-day production period, the jurisdictional agency shall establish maximum efficient rate of flow in accordance with one of the following methods:

(1) *Prior production data available* If production data are available for the 12-month period ending concurrently with such 90-day production period, the applicant shall submit such data.

(i) If such 12-months' production data established that the well produced natural gas at a rate which did not exceed an average of 60 Mcf per production day for such 12-month period, there is a rebuttable presumption that the well produced at its maximum efficient rate of flow.

(ii) If such 12-months' production data established that the well produced natural gas at a rate which did not exceed an average of 70 Mcf per production day for such 12-month period, the jurisdictional agency shall make a deferred determination in accordance with paragraph (c) of this section.

(2) *Prior production data not available.* If production data are not available for the 12-month period ending concurrently with such 90-day production period, the jurisdictional agency shall make a deferred determination in accordance with paragraph (c) of this section.

(3) *Other evidence.* The jurisdictional agency may base the determination upon other substantial evidence, such as flow tests, which measure the capability of the well to produce natural gas under normal operating conditions.

(c) *Deferred determination procedure.* If a determination is deferred under paragraph (b)(1)(ii) or (b)(2) of this section, the jurisdictional agency shall designate a 12-month period during which the applicant may secure the data establishing that the well produced natural gas at an average rate not in excess of 60 Mcf per production day. The applicant may submit such data not later than 90 days after the close of such 12-month period, and if such data show that the well's production did not exceed 60 Mcf per production day, the jurisdictional agency shall make an affirmative determination.

(d) *Negative determinations* The jurisdictional agency shall make a negative determination as to eligibility if:

(1) The production data submitted by the applicant indicate that for the 12 months ending concurrently with the 90-day production period the well produced natural gas at a rate which exceeded an average of 70 Mcf per production day, unless the jurisdictional agency determines that the well produced at its maximum efficient rate of flow pursuant to paragraph (a)(1) or paragraph (b)(3) of this section,

(2) The production data submitted by the applicant indicate that for the deferred 12-month period established by the jurisdictional agency, the well produced natural gas at a rate which exceeded an average of 60 Mcf per production day, or

(3) The applicant fails to submit available production data pursuant to paragraph (b)(1) of this section or fails to submit production data pursuant to paragraph (c).

(e) Interim collection. When the jurisdictional agency defers making a determination on an application pursuant to paragraph (b)(1)(ii) or (b)(2) of this section, the applicant shall be permitted to make interim collections of the maximum lawful price provided in § 271.802 pursuant to the requirements of § 273.202. If the filing requirements of § 273.202(d) have previously been complied with, the applicant shall not be required to make such filings again.

## Subpart I—Other Categories of Natural Gas

AUTHORITY: Natural Gas Act, as amended, 15 U.S.C. 717 *et seq.;* Department of Energy Organization Act, 42 U.S.C. 7107 *et seq.* E.O. 12009, 42 FR 46267; Natural Gas Policy Act of 1978, Pub. L. 95-621, 92 Stat. 3350.

SOURCE: Order 72, 45 FR 18919, Mar. 24, 1980, unless otherwise noted.

### § 271.901 Applicability.

This subpart implements section 109 of the NGPA and applies to a first sale of natural gas that is not covered by a maximum lawful price under section 102, 103, 104, 105, 106, 107 or 108 of the NGPA.

### § 271.902 Maximum lawful price.

The maximum lawful price, per MMbtu, for natural gas to which this subpart applies shall be the price specified for Subpart I of Part 271 in Table I of § 271.101(a).

### § 271.903 Recordkeeping.

Any person who collects a price under this part for the first sale of natural gas shall keep:

(a) Any books and records related to the sale for three years from the end of each billing period;

(b) Any contract related to the sale for three years after the expiration of the contract.

[Order 272, 48 FR 646, Jan. 6, 1983]

### § 271.904 Special rule.

First sales of natural gas described in section 109(a0(1), (2) (3) or (4) of the NGPA are covered by the subpart only to the extent such first sales are not covered by an maximum lawful price under section 102, 103, 104, 105, 106, 107 or 108 of the NGPA.

## Subpart J—[Reserved]

## Subpart K—Allowances for State Severance Taxes and Certain Production-Related Costs

### § 271.1100 Applicability.

(a) *General*. This subpart prescribes regulations under which a price for a first sale of natural gas shall not be considered to exceed the applicable maximum lawful prices set forth in this part if such first sale price exceeds the maximum lawful price determined under Subparts B through J of this part to the extent necessary to recover:

(1) State severance taxes under § 271.1102; and

(2) Production-related costs allowed under § 271.1104.

[Order 94, 45 FR 53115, Aug. 11, 1980, as amended by Order 94-A, 48 FR 5178, Feb. 3, 1983]

### § 271.1101 Definitions.

(a) Except as provided in paragraph (b), the term "State severance tax" as used in this subpart means any severance, production, or similar tax, fee, or other levy imposed on the production of natural gas:

(1) By any State;

(2) By any Indian tribe recognized as eligible for services provided by the Secretary of the Interior to Indians; or

(3) By any political subdivision of a State if the authority to impose such tax, fee, or other levey is granted to such political subdivision under State law.

(b) The term "State severance tax" does not include any amount of tax which results from a provision of State law enacted on or after December 1, 1977, unless such provision of law is equally applicable to natural gas produced in such State and delivered in interstate commerce and to natural gas produced in such State and not so delivered.

[Order 94, 45 FR 53115, Aug. 11, 1980]

### § 271.1102 State severance taxes.

(a) Except as provided in paragraph (b) of this section, the price for any first sale of natural gas shall not be considered to have exceeded the maximum lawful price applicable to that sale as set forth in this part if such first sale price exceeds the maximum lawful price to the extent necessary to recover State severance taxes borne by the seller.

(b) The maximum lawful prices prescribed under this part for interstate sales of natural gas produced from the Permian Basin area include State severance taxes in the amount of 2.6 cents for large producers and 3.05 cents for small producers. To the extent maximum lawful prices are established by reference to the Permian Basin area rate, only amounts of State severance tax in excess of those amounts already included may be considered under paragraph (a) of this section.

[43 FR 56551, Dec. 1, 1978, as amended by Order 108-A, 48 FR 48228, Oct. 18, 1983]

### § 271.1103 Record retention.

(a) *State severance taxes.* A seller in a first sale in which the price includes State severance taxes permitted under § 271.1102 shall retain a record of the sale which shall identify the seller, and shall retain such other records as are necessary to demonstrate that such seller has borne the amount of State severance taxes included in the sale price. Such records shall be preserved for at least three years from the date on which the sale occurred.

(b) *Production-related costs.* A seller in a first sale in which the price includes an amount necessary to recover production-related costs permitted under § 271.1104 shall retain such records of the sale as may be necessary to identify the amount collected and demonstrate the basis for the collection. Such records shall be retained for at least three years from the date on which the sale occurred.

[Order 94-A, 48 FR 5178, Feb. 3, 1983]

### § 271.1104 Production-related costs.

(a) *General rule.* Except as provided in paragraph (b) of this section, the price for a first sale of natural gas shall not be considered to exceed the maximum lawful price applicable to that sale, as determined under Subparts B through I of this part, if:

(1) Such first sale price exceeds the maximum lawful price by an amount necessary to recover a production-related cost as determined in accordance with paragraph (d) of this section;

(2) The production-related cost is borne by the seller; and

(3) The seller is expressly authorized, as defined in paragraph (c)(4) of this section, to be compensated for bearing that production-related cost.

(b) *Exclusions.* This section does not apply to a first sale of natural gas:

(1) Produced from the Prudhoe Bay Unit of Alaska and transported through the natural gas transportation system approved under the Alaska Natural Gas Transportation Act of 1976; or

(2) In which the price applicable to that sale has been established under § 2.75 of this chapter (optional rate procedures), unless:

(i) The certificate authorizing the sale of the gas has been amended to delete the limitations imposed by § 2.75(m) of this chapter; or

(ii) The gas is no longer sold subject to the jurisdiction of the Commission under the Natural Gas Act.

(c) *Definitions.* For purposes of this section the following definitions apply:

(1) "Borne by the seller" means costs incurred by the seller in providing a production-related service, or in having other persons provide a production-related service on behalf of the seller.

(2) "Commencement of construction" means the date site preparation was begun.

(3) "Deliver" means to gather or transport natural gas through a natural gas pipeline.

(4) "Expressly authorized" means that the gas sales contract governing the first sale expressly provides that:

(i) The seller agrees to provide a specified production-related service; and

(ii) The purchaser agrees to compensate the seller for the cost of providing that specified service as evidenced by either:

(A) A contract provision expressing an amount, or a method for determining an amount, that the purchaser agrees to pay the seller for providing the specified service; or

(B) An area rate clause as defined in § 154.93(b-1) of this chapter, except that such clause shall be considered to evidence only the purchaser's agreement to compensate the seller for the cost of delivering the natural gas and then only with respect to sales having an applicable maximum lawful price determined under Subparts B through D and G through I of this part.

(5) "Production costs" means all costs incurred for:

(i) Exploration;

(ii) Development;

(iii) Production, including:

(A) Enhanced recovery techniques (including costs of compression incurred in the production of stripper well natural gas to which the pricing provisions of Subpart H of Part 271 of this chapter apply);

(B) Gas-lift, pumping, or other liquid lifting equipment located on or in the vicinity of the wellhead or in the vicinity of the point of commingling the gas on the offshore platform from which the gas is produced; or

(C) Compression necessary for lifting liquids, cycling gas in a gas condensate reservoir or pressurizing a gas condensate or oil reservoir; or

(iv) Abandonment operations.

(6) "Production-related service" means any activity that results in the incurrence of a production-related cost.

(7) "Production-related costs" means costs, other than production costs, that are incurred:

(i) To deliver, compress, treat, liquefy, or condition natural gas; or

(ii) For services, other than processing, that benefit the gas customer and are incurred to construct or operate facilities to recover, separate, extract, treat, dehydrate, store, or transport crude oil, condensate or similar liquids or liquefiable hydrocarbons removed from the natural gas stream, to the extent:

(A) Such costs are properly allocable to the gas stream in accordance with the method approved by the Commission with respect to the particular service and seller; or

(B) If no such method has been approved by the Commission, such costs as do not exceed an amount equal to the total costs of constructing and operating the facilities, multiplied by the fraction whose numerator is the quantity of Btu's contained in the natural gas stream delivered to the pipeline and whose denominator is the sum of the quantity of Btu's contained in the natural gas stream delivered to the pipeline and the quantity of Btu's contained in the liquids and liquefiable hydrocarbons removed from the gas stream; provided that the use of this method has not been expressly prohibited by the Commission with respect to the particular service and seller.

(C) The cost allocation method described under paragraph (c)(7)(ii)(B) of this section shall apply only to the allocation of costs incurred by first sellers and then only to determine appropriate production-related costs to be allowed those sellers under section 110 of the NGPA. This limited application is not, in any way, an approval or disapproval of the propriety of using the cost allocation methodology of paragraph (c)(7)(ii)(B) of this section in any other circumstance.

(d) *Amounts necessary to recover production-related costs*—(1) *General rule.* Except as otherwise provided in subparagraphs (d) (2) and (3) of this section, the amount necessary to recover a production-related cost borne by a seller delivering gas to any intrastate pipeline, interstate pipeline, local distribution company, or any person for use by such person is the lesser of the amount that the seller is expressly authorized to collect under the terms of the contract for the recovery of the cost, as evidenced under paragraph (c)(4)(ii)(A) of this section, or the appropriate allowance permitted under this subparagraph.

(i) *For old delivery systems.* For delivery of any natural gas for which the maximum lawful prices are specified in this Part, except any gas under Subparts E and F of this part, through a delivery system, the construction of which commenced prior to November 9, 1978, the seller may collect an amount not to exceed five cents ($0.05) per MMBtu, regardless of the length of the delivery system.

(ii) *For recent delivery systems.* For delivery of any natural gas for which the maximum lawful prices are specified in this part, through a delivery system, the construction of which commenced, on or after November 9, 1978, the seller may collect an amount not to exceed seven cents ($0.07) per MMBtu for the first mile of gas haul, or fraction thereof, plus two cents ($0.02) per MMBtu for each additional mile of gas haul, or fraction thereof, measured in a continuous line of gas haul from the single gas wellhead, platform, or first lease separator to a maximum distance of 20 miles (maximum allowance of forty-five cents ($0.45) per MMBtu)). Except for direct sales to a person for use by such person, the gas hauled must be commingled with other gas at or before the point of the final first sale in order to be eligible for the allowance under this clause. For purposes of this subparagraph, "final first sale" is the first sale, as defined in NGPA section (2)(21), at which a volume of natural gas is transferred for value to a purchaser that will not also be a first seller of that gas.

(iii) *Combined old and recent delivery systems.* If the seller delivers any natural gas for which the maximum lawful prices are specified in this Part, through a delivery system that combines both a delivery system the construction of which commenced on or after November 9, 1978, and a delivery system the construction of which commenced prior to November 9, 1978, the seller may collect the applicable allowances under paragraphs (d)(1) (i) and (ii) of this section.

(iv) *For compression facilities*—(A) *For recent compression facilities.* For compressing natural gas by compressor facilities, the construction of which commenced on or after November 9, 1978, used to effectuate delivery of such gas to any interstate pipeline, intrastate pipeline, local distribution company or any person for use by such person, the seller may collect an amount not to exceed:

(*1*) Six cents ($0.06) per MMBtu for each qualified stage of compression set at a ratio of 3.5 to 1 (representing the overall compression ratio of the outlet pressure of the last stage of compression to the inlet pressure of the first stage of compression), not to exceed three stages; plus

(*2*) The cost of fuel or power to drive the compressor.

(*3*) For purposes of the compression allowance under this clause, "construction" of facilities includes the complete and necessary replacement of old facilities with new facilities and the necessary addition of any new stage of compression to existing facilities.

(B) *For old compression facilities*—(*1*) *Authority for collecting the allowance.* If expressly authorized under paragraph (c)(4)(ii)(A) of this section, for compressing natural gas by compressor facilities, the construction of which commenced on or before November 8, 1978, used to effectuate delivery of such gas to any interstate pipeline, intrastate pipeline, local distribution company or any other person for use by such person, the seller may collect the cost of fuel or power to drive the compressor.

(*2*) *Procedure for collecting the allowance*—(*i*) *Blanket affidavit.* If a seller has made an effective filing under § 154.94(h) of the Commission's regulations, prior to collecting the allowance, the seller must amend its blanket affidavit under § 154.94(k) and Appendix B, or file a blanket affidavit under § 154.94(k) and Appendix B, if it has not previously done so.

(*ii*) *Method of payment.* Amounts owed under this paragraph (§ 271.1104(d)(1)(iv)(B)) are due in a lump sum payment within 60 days of the submission required under paragraph (f) of this section, for each qualified stage of compression set at a ratio of 3.5 to 1.

(*iii*) *Retroactivity.* Except for gas subject to Subparts E and F of this part, amounts owed under this paragraph (§ 271.1104 (d)(1)(iv)(B)) may be collected retroactive from August 10, 1987, to July 25, 1980, or any earlier date on which the seller filed an application with the Commission to recover these costs, with interest computed under § 154.102(c)(2)(iii) (A) and (B) of this chapter, if interest is expressly authorized by contract. For gas subject to Subparts E and F of this part, amounts owed under this paragraph (§ 271.1104(d)(1)(iv)(B)) may be collected retroactive from August 10, 1987, to March 7, 1983, with interest computed under § 154.102(c)(2)(iii) (A) and (B) of this chapter, if interest is expressly authorized by contract.

(*iv*) *Effective date of blanket affidavit.* Blanket affidavits filed under § 154.94(k) of this chapter to collect amounts owed under this paragraph (271.1104(d)(1)(iv)(B)) that are received within 60 days of August 10, 1987, shall become effective on August 10, 1987; a blanket affidavit filed more than 60 days after August 10, 1987, shall become effective on the date of filing.

(v) *Collection and distribution.* Any person collecting any allowance under this subparagraph must make a fair and proportional distribution of that allowance to any other first seller who, by sales made to that person, incurred delivery or compression costs to effectuate delivery of the gas sold by that person.

(2) *Delivery allowances for sales subject to NGPA sections 105 and 106(b).* An amount necessary to recover a production-related cost borne by the seller for delivering natural gas to any interstate pipeline, intrastate pipeline, local distribution company or any person for use by such person by delivery systems, the construction of which commenced prior to November 9, 1978, for sales having an applicable maximum lawful price determined under Subparts E and F of this part shall not exceed the amount that the seller is expressly authorized to collect under

the terms of the contract for the recovery of the cost in accordance with paragraph (c)(4)(ii)(A) of this section; except that, if the seller amends the terms of the contract for the recovery of such delivery costs after March 7, 1983, it shall not exceed an amount reasonably comparable to the section 110 adjustments collected by similarly situated sellers for gas delivery. Any person collecting an allowance under this clause shall make a fair and proportional distribution of that allowance to any other first seller who, by sales made to that person, incurred delivery costs in moving the gas sold by that person.

(3) *Allowances for costs other than for delivery or compression.* For any other production-related costs, an amount necessary to recover production-related costs shall be the lesser of the amount that the seller is expressly authorized to collect under the terms of the contract for the recovery of the cost, as evidenced under paragraph (c)(4)(ii)(A) of this section, or an amount per unit of gas determined by dividing the average annual cost of service of the facility used to provide the production-related service (as determined under paragraph (d)(3)(A) of this section) by the total volumes (MMBtu) of natural gas available after the service is provided; except that, if the service is one described under paragraph (c)(7)(ii) of this section (involving crude oil, condensate or similar liquids or liquefiable hydrocarbons), the provisions of paragraph (d)(3)(B) of this section shall apply.

(A) The average annual cost of service is to be computed on the basis of the following:

(*1*) Operation and maintenance expenses developed for the year 1985 and each calendar year thereafter on the basis of actual expenses incurred in the last two calendar years, as available, and estimates of future expenses;

(*2*) An average annual net plant investment developed for the year 1985 and each calendar year thereafter using the amount of undepreciated investment as of January 1, 1981, for facilities in operation on that date, or such later date as the facility becomes operational, and depreciating the investment, using the amount of depreciation booked annually for the particular facility or for that class of investment, whichever method is used by the company;

(*3*) An average annual depreciation expense for the year 1985 and each calendar year thereafter computed from the annual amounts used to depreciate the plant investment; and

(*4*) After tax earnings at an amount no greater than 15.0 percent times the average annual net plant investment for the year 1985 and each calendar year thereafter, with taxes computed using the debt/equity ratios of the company's overall capital structure unless it can be demonstrated that the facility was financed by a particular source of capital, in which case taxes should be computed consistent with the particular financing arrangement used.

(*5*) Taxes other than income taxes for the year 1985 and each calendar year thereafter on the basis of actual taxes paid in the last two years, as available and estimates of future taxes.

(B) If the service is one described under paragraph (c)(7)(ii) of this section (involving crude oil, condensate or similar liquids or liquefiable hydrocarbons), the amount determined by using the average annual cost of service computed under paragraph (d)(3)(A) of this section shall be reduced to the amount allocated to the gas stream as provided for under paragraph (c)(7)(ii)(A) or (B) of this section as appropriate; and further reduced, as necessary, to reflect revenues received for sales of constituents removed for the gas stream but having no energy content. The resulting amount shall be divided by the MMBtu's of gas that are expected to be available at the discharge side of the facility.

(e) *Collecting past costs incurred to deliver or compress natural gas.* (1) Subject to the provisions of paragraphs (e)(2) and (e)(3) of the section, a first seller for sales having an applicable maximum lawful price determined under Subparts B through D and G through I of this part, may collect the amounts provided under paragraph (d) of this section for delivering and compressing natural gas, to recover the costs incurred in providing those services prior to March 7, 1983 but after the earlier of July 25, 1980, or the date on which the seller filed an application with the Commission to recover these costs; provided that the seller is expressly authorized, as defined in paragraph (c)(4) of this section, to provide such service and be compensated for so doing, and that this authorization was in effect during the period the costs to be collected were incurred; however, amounts so collected must be reduced by any amounts collected prior to March 7, 1983 to recover these costs.

(2) In addition to the amount collected under paragraph (e)(1) of this section, the seller may, if expressly authorized under the terms of the contract governing the first sale, collect interest on that portion of the amount due but not yet collected, subject to the limits specified under § 154.102 of this chapter.

(3) Amounts collected under paragraphs (e)(1) and (e)(2) of this section are to be collected through installments over a period of time commencing with March 3, 1983 and ending December 31, 1984; and such installments should, to the maximum extent practicable, be of equal amounts.

(f) *Description of charges*—(1) *Submission to purchaser.* A first seller charging an amount, or changing the basis for a previously-charged amount, under the provisions of this section must submit to the gas purchaser to be charged that amount by the seller, a written description of the basis for the charges at a reasonable time prior to that charge. The description must state, on a well-by-well or completion location basis:

(i) The amount per MMBtu to be charged;

(ii) The specified production-related service for which the charge is to be made; and

(iii) The contractual provisions expressly authorizing the charge.

(2) *Retention of descriptions.* A gas purchaser receiving a description made under paragraph (f)(1) of this section must retain a copy of that description for a period of at least three years from the date of the last sale for which the purchaser paid a charge based on the description.

(g) *Other.* In the event that a first seller performs services for which the provisions of paragraphs (b) through (e) of this section, are not representative (e.g. delivering natural gas through a natural gas pipeline system at a distance greater than 20 miles, delivering natural gas by methods other than a natural gas pipeline, performing more than three stages of compression or proposing some other method for computing costs) then application may be made to the Commission for an allowance to recover these costs under section 110 of the NGPA, to the extent they are determined to be production-related and in an amount necessary to recover those costs.

(h) *Pipeline list submissions and protest procedure*—(1) *Pipeline filings.* The information required by § 271.1104(h) (2) and (3) must be filed with the Commission by September 8, 1987. A pipeline may submit the information required under § 271.1104(h) (2) and (3) in any original and supplemental evidentiary submission, purchased gas adjustment, or rate filing with the Commission, or by providing specific references sufficient to locate the data in any of these prior filings.

(2) *Statements of contractual authority.* An interstate pipeline must file the following information for every first seller that sells gas to that pipeline and that asserts contractual authority to collect delivery allowances pursuant to any area rate clause:

(i) A statement specifying for each first seller whether, in the opinion of the interstate pipeline, that first seller has, or does not have, contractual authority to collect production-related costs permitted under § 271.1104 of this chapter;

(ii) Any data that supports the statement made under paragraph (h)(2)(i);

(iii) A copy of any data submitted under paragraph (f) of this section for each first seller; and

(iv) The rate schedule number (or if none has been assigned, the date of the contract) and the name of the seller for each first sale of natural gas where the seller has made a submission under paragraph (f) of this section.

(3) *Lists of first sellers.* An interstate pipeline must also file a list of first sellers and a list of the respective contracts that the pipeline identified under paragraph (h)(2) of this section to be published by the Commission in the FEDERAL REGISTER.

(4) *Protests*—(i) *Delivery allowances.* A protest to the delivery allowances claimed on the pipeline submissions filed under paragraph (h)(2) of this section must be submitted to the Commission, within 90 days of the publication in the FEDERAL REGISTER of the pipeline list described in paragraph (h)(3) of this section, referencing the contract which governs the filed-for production-related delivery costs to which the protestant objects. Parties may waive the 90-day filing deadline by written mutual agreement, in furtherance of voluntary settlement of protests. The waiver agreement may not extend further than 180 days from the date the protest would otherwise be due, and must be filed with the Commission to be effective.

(ii) *Compression allowances.* First sellers and third-parties may assert contractual authority to collect compression allowances pursuant to an area rate clause. A protest under this section must be filed by May 3, 1988.

(5) *Contents of protests.* A protest filed under paragraph (h)(4) of this section must:

(i) Specifically identify each contract that is protested;

(ii) Set forth the text of the contractual provisions which the protestant believes to be:

(A) Inconsistent with the conclusion that the contract authorizes the seller to collect delivery costs and the specific reasons why the protestant believes such inconsistency exists; or

(B) Consistent with the conclusion that the contract authorizes the seller to collect compression allowances and the specific reasons for reaching this conclusion.

(iii) Provide any other evidence which the protestant believes is relevant to the issue of the existence of contractual authorization to collect the production-related costs.

(6) *Protest procedure.* (i) The Commission will publish in the FEDERAL REGISTER a notice of a protest filed under paragraph (h)(4) of this section. Any protest must be served by any interested pipeline-purchasers or first sellers, at the same time the protest is submitted to the Commission. Pipeline-purchasers will provide the names and addresses of effected first sellers to any third parties that must make service under this section upon request.

(ii) The Commission will transmit to the Chief Administrative Law Judge:

(A) In disputes concerning delivery allowances, the pipeline protest filing the protest filed under paragraph (h)(4) of this section and the list of first sellers identified as *not* having contractual authority to collect production-related costs; or

(B) In disputes concerning compression allowances, the first seller protest filing.

(iii) Protests will be set for hearing unless summary disposition is made of the protest.

(iv) Upon receipt by the Commission of any third-party staff protest, or pipeline protest of first sellers identified as not having contractual authority to collect production-related costs referred to in this section, the seller in the first sale will be joined as a party.

(v) Upon receipt by the Commission of a first seller protest, the pipeline in the first sale will be joined as a party.

(7) *Authority of Chief Administrative Law Judge.* In the case of any proceeding relating to a third party, staff, pipeline protest or first seller protest filed under this section, the Chief Administrative Law Judge is authorized to issue such procedural orders, including orders setting matters for hearing, severing and consolidating proceedings, and certifying questions to the Commission, as he determines necessary or appropriate for the expeditious consideration of such protests. The Chief Administrative Law Judge may, by such order, authorize the Administrative Law Judge to whom a protest is assigned to issue similar procedural orders relating to that protest.

(8) *Rules of practice and procedure.* Part 385 of this chapter (relating to rules of practice) will apply to such

third party, staff, first seller and pipeline protest proceedings except to the extent otherwise provided by a procedural order issued by the Chief or Presiding Administrative Law Judge under paragraph (h)(7) of this section. Section 385.715 of this chapter will apply to any procedural order issued under paragraph (h)(7) of this section.

[Order 94-A, 48 FR 5178, as amended by Order 94-B, 48 FR 5190, Feb. 3, 1983; Order 334, 48 FR 44507, Sept. 29, 1983; 48 FR 52031, Nov. 16, 1983; Order 408, 49 FR 49625, Dec. 21, 1984; Order 473, 52 FR 21668, June 9, 1987; 52 FR 23030, June 17, 1987; Order 473-A, 53 FR 18, Jan. 4, 1988]

### § 271.1105 Compliance procedures under the Production-Related Costs Board.

(a) *Applicability.* This section establishes a Production-Related Costs Board to resolve disputes regarding:

(1) The appropriate allowance that a seller in a first sale is authorized to collect under § 271.1104 for production-related costs in excess of the otherwise applicable maximum lawful price; and

(2) The amount of refunds that may be due as the result of a seller in a first sale collecting an amount not authorized to be collected under § 271.1104.

(b) *Definitions.* The definitions of "decisional authority," "presiding officer," "party," "participant," and "respondent" in § 385.102 of this chapter apply, except that "party" also means the seller or purchaser of natural gas in a transaction involving production-related costs.

(c) *Nature of the Board.* (1) The Production-Related Costs Board (Board) is a panel of at least two members of the Commission staff that the Commission is designating as the presiding officer and decisional authority to make determinations under this section.

(2) The members of the Board are appointed by the Chairman of the Commission.

(3) Any decisions of the Board will become the Commission's decision unless Commission review is requested under paragraph (h) of this section.

(d) *Initiation of proceedings*—(1) *General rule.* A proceeding before the Board may be initiated:

(i) By staff under paragraph (d)(2) of this section if, pursuant to a compliance audit and in accordance with paragraph (d)(2), it finds probable non-compliance with § 271.1104;

(ii) By any person or party that files a complaint in accordance with paragraph (d)(3) of this section; or

(iii) By Commission referral to the Board of any production-related cost issues, in accordance with paragraph (d)(4) of this section.

(2) *Referral to Board after compliance audit*—(i) *Notice.* If a compliance audit conducted by Commission staff indicates a probable non-compliance with § 271.1104 such that reimbursement or refund may be due, the Director of the Office of Pipeline and Producer Regulation or a designee (Director) will notify the seller of the probable violation in writing. A copy of the notice shall be sent to any other affected party.

(ii) *Response.* Within sixty days of the date of the Director's notice under this paragraph, the seller in alleged non-compliance must respond, as appropriate, by either:

(A) Filing with the Commission a refund report that identifies the subject contract(s) and specifies the amount of the overcharges and the interest to be refunded, the date(s) on which any overcharges were made, and the date(s) on which any refunds were paid; or

(B) Submitting a written statement to the Director that sets forth the reasons why it believes that no violation has occurred, or that a refund is not due or is not due in the amount stated in the Notice.

(iii) *Referral to Board.* The Director will refer the matter to the Board for resolution if, after the expiration of the sixty days from the date of the notice, the seller in alleged non-compliance:

(A) Has not responded in accordance with this paragraph;

(B) Has not filed a refund report with the Commission, as appropriate; or

(C) Has not resolved, to the Director's satisfaction, any question as to the collection or collectibility of an allowance for production-related costs.

(3) *Complaint procedure.* The Board will consider any complaint, filed by any party or person in accordance with § 385.206 of this chapter, that alleges either that:

(i) An allowance for production-related costs was collected or is being charged by a seller contrary to § 271.1104 of this chapter; or

(ii) A purchaser is refusing to pay an allowance for production-related costs that it believes is contrary to § 271.1104 of this chapter.

(4) *Referral by the Commission.* The Commission may, by order, refer to the Board for disposition in accordance with this section, any production-related cost issue under § 271.1104 that may arise in other proceedings, as appropriate.

(e) *Notice by Board.* Upon referral of a matter to the Board under paragraph (d) of this section, the Board will initiate an informal proceeding by publishing in the FEDERAL REGISTER and serving on the parties a Notice that contains:

(1) A brief explanation of the nature of the dispute;

(2) The identity of the parties; and

(3) Any other appropriate matter.

(f) *Intervention.* A motion to intervene in a proceeding before the Board must be filed with the Commission in accordance with § 385.214 of this chapter not later than 15 days after publication of the Notice in the FEDERAL REGISTER under paragraph (e) of this section.

(g) *Proceedings before the Board.* (1) Any proceeding before the Board will be informal. Subpart E of Part 385 does not apply.

(2) Participants and parties will be given an opportunity to submit written comments, data, views, and arguments to the Board. If the Board finds that oral presentations would be useful, the parties will be afforded an opportunity to participate in a public hearing before the Board.

(3) At any time during the proceeding, the Board, in its discretion, may:

(i) Request additional written submissions from the parties;

(ii) Establish any procedures necessary for a full and fair disclosure of the facts or provide any procedural relief; and

(iii) Issue notices to carry out this section.

(h) *Determinations by the Board.* (1) As soon as practicable after receipt of the written comments or after a hearing, if one is held, the Board will issue an order either summarily disposing of the matter, wholly or in part, for good cause, or determining the allowability of any disputed amount and, if appropriate, requiring the seller to make a refund including interest calculated in accordance with the provisions of § 154.102 of this chapter. The Board will serve the order on the parties to the proceeding.

(2) Any order of the Board under this paragraph is final 30 days after issuance, unless, during that period, an aggrieved party files a petition for review pursuant to § 385.1902 of this chapter.

(i) *Referral to Enforcement Division.* Nothing in this section shall preclude Staff, the Board, or the Commission from referring matters involving disputed amounts under this section to the Enforcement Division of the Office of the General Counsel for appropriate action.

[Order 334, 48 FR 44494, Sept. 29, 1983]

### § 271.1106 Adjustments.

For procedures to obtain an adjustment on the grounds of special hardship, inequity, or unfair distribution of burdens, see Subpart K of Part 385 of this chapter.

[Order 94, 45 FR 53116, Aug. 11, 1980, as amended by Order 94-A, 48 FR 5180, Feb. 3, 1983]

## PART 272—DEREGULATED NATURAL GAS

Sec.

272.101 Applicability.
272.102 Price deregulation.
272.103 Definitions.
272.104 Special rules for measuring the depth of deregulated natural gas.
272.105 Separate billing.

AUTHORITY: Natural Gas Policy Act of 1978, 15 U.S.C. 3301-3432 (1982).

### § 272.101 Applicability.

This part implements section 121 of the NGPA and applies to the first sale of natural gas which is deregulated natural gas.

[Order 476, 52 FR 26474, July 15, 1987]

### § 272.102 Price deregulation.

(a) No maximum lawful price applies to any first sale of deregulated natural gas.

(b) For special rules on:

(1) Circumvention of maximum lawful prices, *see* § 270.207; and

(2) Interim and retroactive collection, *see* §§ 273.202 (a)(2) and (d)(1)(i)(B), 273.203(a)(2) and 273.204(a)(2).

[Order 78, 45 FR 28098, Apr. 26, 1980, as amended by Order 406, 49 FR 46884, Nov. 29, 1984]

### § 272.103 Definitions.

(a) "Deregulated natural gas" means:

(1) Natural gas for which a jurisdictional agency determination has become final under Parts 274 and 275 that the gas qualifies as:

(i) Deep, high-cost natural gas;

(ii) Gas produced from geopressured brine;

(iii) Occluded natural gas produced from coal seams; or

(iv) Gas produced from Devonian shale.

(2) Natural gas for which a jurisdictional agency determination becomes final under Parts 274 and 275 and which is sold in a first sale on or after January 1, 1985, and such gas qualifies as:

(i) New natural gas as defined in § 271.203;

(ii) Natural gas produced from any new, onshore production well if such gas as defined in § 271.303:

(A) Was not committed or dedicated to interstate commerce (as defined in NGPA section 2(18)) on April 20, 1977; and

(B) Is produced from a completion location which is located at a depth of more than 5,000 feet.

(3) Natural gas for which a jurisdictional agency determination becomes final under Parts 274 and 275 of this chapter and which is sold in a first sale on or after July 1, 1987, and such gas qualifies as natural gas produced from any new, onshore producton well if such gas as defined in § 271.303:

(i) Was not committed or dedicated to interstate commerce (as defined in NGPA section 2(18)) on April 20, 1977; and

(ii) Is produced from a completion location which is located at a depth of 5,000 feet or less.

(4) Natural gas sold under an existing intrastate contract, any successor to an existing intrastate contract, or any intrastate rollover contract, if:

(i) Such natural gas was not committed or dedicated to interstate commerce on November 8, 1978; and

(ii) In the case of any existing or successor intrastate contract,

(A) The price paid for the last deliveries of such natural gas occurring on December 31, 1984, or, if no deliveries occurred on such date, the price that would have been paid if deliveries occurred on such date is higher than $1.00 per MMBtu, and

(B) Such gas is not subject to the maximum lawful price in section 271.502(b); or

(iii) In the case of any rollover contract, the price paid on December 31, 1984, or if no deliveries occurred on such date, the price that would have been paid had deliveries occurred on such date is higher than $1.00 per MMBtu.

(b) "Deep, high-cost natural gas" is natural gas which is produced:

(1) From any well, the surface drilling of which began on or after February 19, 1977; and

(2) From a completion location which is located at a depth of more than 15,000 feet.

(c) "Natural gas produced from geopressured brine" is natural gas which is dissolved before initial production of the natural gas in subsurface brine aquifers with at least 10,000 parts of dissolved solids per million parts of water and with an initial reservoir geopressure gradient in excess of 0.465 pounds per square inch for each vertical foot of depth.

(d) "Occluded natural gas produced from coal seams" means naturally occurring natural gas released from entrapment from the fractures, pores and bedding planes of coal seams.

(e) "Natural gas produced from Devonian shale" means natural gas produced from fractures, micropores and bedding planes of shales deposited during the Paleozoic Devonian Period.

(1) "Shales deposited during the Paleozoic Devonian Period" can be defined as either:

(i) The gross Devonian age stratigraphic interval encountered by a well bore, at least 95 percent of which has a gamma ray index of 0.7 or greater; or

(ii)(A) Except as provided in paragraph (e) (ii) (B) of this section, one continuous interval within the gross Devonian age stratigraphic interval, encountered by a well bore, as long as at least 95 percent of the selected Devonian shale interval has a gamma ray index of 0.7 or greater.

(B) If the interval selected is more than 200 feet thick, the bottom and top 100 foot portions must meet the five percent test independently.

(2) When measuring the Devonian age stratigraphic interval under paragraph (e)(1) of this section, the gamma ray index at any point is to be calculated by dividing the gamma ray log value at that point by the gamma log value at the shale base line established over the entire Devonian age interval penetrated by the well bore.

[Order 78, 45 FR 28098, Apr. 26, 1980, as amended by Order 406, 49 FR 46884, Nov. 29, 1984; Order 406-A, 49 FR 50642, Dec. 31, 1984; Order 476, 52 FR 26475, July 15, 1987; Order 501, 53 FR 28194, July 27, 1988]

### § 272.104 Special rules for measuring the depth of deregulated natural gas.

For purposes of determining the depth of a completion location under §§ 272.103(a)(2)(ii)(B), 272.103(a)(3)(ii), and 272.103(b), measurement shall be the true vertical depth from the surface location to the highest perforation point in the completion location.

[Order 476, 52 FR 26475, July 15, 1987]

### § 272.105 Separate billing.

All first sales of deregulated natural gas, and gas for which an application that the gas qualifies as deregulated natural gas is pending, shall be billed separately from all other sales of gas.

[Order 78, 45 FR 28098, Apr. 26, 1980, as amended by Order 406, 49 FR 46884, Nov. 29, 1984]

# PART 273—COLLECTION AUTHORITY; REFUNDS

### Subpart A—General Provisions

Sec.
273.101 Private contractual rights.
273.102 Definition of final eligibility determination.
273.103 General provisions relating to filing and notice.
273.104 Cross reference.

### Subpart B—Interim Collection Authority

273.201 Transitional rule for certain new wells.
273.202 Collection pending jurisdictional agency determination of eligibility.
273.203 Collection pending review of jurisdictional agency determination.
273.204 Retroactive collection after final determination.

### Subpart C—Refund Obligation

273.301 General refund obligation.
273.302 Refunds of interim collections.

AUTHORITY: Natural Gas Act, 15 U.S.C. 717-717w (1982); Department of Energy Organization Act, 42 U.S.C. 7102-7352 (1982); E.O. 12009, 3 CFR 1978 Comp., p. 142; Natural Gas Policy Act of 1978, 15 U.S.C. 3301-3432 (1982), unless otherwise noted.

SOURCE: Order 36, 44 FR 37496, June 27, 1979, unless otherwise noted.

## Subpart A—General Provisions

### § 273.101 Private contractual rights.

Authorization by this part to collect a price for natural gas does not affect any person's contractual right to purchase natural gas at a lower price.

### § 273.102 Definition of final eligibility determination.

(a) For purposes of this part, "eligibility determination" means

(1) An affirmative or negative determination by a jurisdictional agency respecting eligibility for a particular well or new OCS lease to collect a deregulated price under Part 272 or a maximum lawful price under Subpart B, C, G or H of Part 271, and

(2) Any Commission finding affirming or reversing such a jurisdictional agency determination.

(b) An eligibility determination becomes final

(1) In the case of a jurisdictional agency determination which is reversed or affirmed by a final finding by the Commission, at such time as the Commission's finding is no longer subject to judicial review under section 503(b)(4)(B) of the NGPA; and

(2) In any other case, at such time as such determination is no longer subject to remand or reversal (other than on grounds specified in section 503(d)(1)(A) or (B) of the NGPA) by the Commission under Part 275.

[Order 36, 44 FR 37496, June 27, 1979, as amended by Order 479, 52 FR 29007, Aug. 5 1987]

### § 273.103 General provisions relating to filing and notice.

(a) *Who must file.* Except as provided in paragraph (b) of this section, any seller making an interim collection under this part shall make the filings and serve the notices required by this part. Sellers include persons owning a working interest in a well and royalty interest owners who take the royalty in kind and sell the natural gas taken in kind; other royalty owners are not required to make filings and serve notices under this part.

(b) *Persons designated to file and serve notice.* A seller required to make filings and serve notices under this part may, with respect to any well for which filings and notices are made, designate any other working interest owner of the well, the operator of the well (whether or not such operator is a working interest owner), or a royalty interest owner in the well, to make the filings and serve the notices required by this part. Such designation shall not relieve the seller of the obligation to make the filings and serve the notices required by this part unless a filing is made or notice is served on behalf of such seller by the person designated under this paragraph.

(c) *Content of filing or notice.* Any person making a filing or serving a notice on behalf of any seller shall identify by name and address each seller on whose behalf the filing is made or the notice is served.

(Natural Gas Act, as amended, 15 U.S.C. 717, *et seq.*; Department of Energy Organization Act, 42 U.S.C. 7101-7352; E.O. 12009, 42 FR 46267; Natural Gas Policy Act of 1978, 15 U.S.C. 3301-3432, Administrative Procedure Act, 5 U.S.C. 553)

[Order 131, 46 FR 12203, Feb. 13, 1981]

### § 273.104 Cross reference.

(a) For special rule applicable to resellers, see § 270.202(b).

(b) For special rule applicable to certain jurisdictional applications for stripper well determination, see § 271.807(e).

(c) For special rule applicable to withdrawal of an application for a well determination before the Commission, see § 275.202(d)(4).

(Natural Gas Act, as amended, 15 U.S.C. 717, *et seq.*; Department of Energy Organization Act, 42 U.S.C. 7101-7352; E.O. 12009, 42 FR 46267; Natural Gas Policy Act of 1978, 15 U.S.C. 3301-3432, Administrative Procedure Act, 5 U.S.C. 553)

[Order 36, 44 FR 37496, June 27, 1979, as amended by Order 131, 46 FR 12203, Feb. 13, 1981]

## Subpart B—Interim Collection Authority

### § 273.201 Transitional rule for certain new wells.

(a) *General rule.* (1) The price determined under § 271.902 of this section may be charged and collected for any first sale of natural gas from a new well to which this section applies.

(2) This section does not apply to a first sale if the seller is collecting a price under the authority of § 273.202 or § 273.203.

(b) *Period of collection.* (1) Except as provided in paragraph (b)(2) of this section, the price authorized by paragraph (a) of this seciton may be charged and collected for natural gas deliveries:

(i) Beginning on the date on which the seller first meets the requirements of paragraph (c) of this section; and

(ii) Ending on the date on which the Commission receives a notice of jurisdictional agency determination under § 274.104.

(2) No collection may be made under this section for deliveries of natural gas on or after March 1, 1979, unless before March 1, 1979, the seller has filed an application with a jurisdictional agency for a determination respecting such natural gas under Subpart B, C, G, or H of Part 271.

(c) *Filing requirements.* (1) Prior to making any collection under the authority of this section, the seller shall file with the Commission and the jurisdictional agency a statement under oath that:

(i) The natural gas for which the collection is made is produced from a new well;

(ii) The seller believes in good faith that such natural gas is eligible under the NGPA to be sold at a price not less than the price specified in paragraph (a) of this section; and

(iii) The seller has filed, or will cause to be filed not later than March 1, 1979, an application with the jurisdictional agency for a determination of qualification under Subpart B, C, G, or H of Part 271. Where the seller is not eligible to apply directly for a determination, the seller shall file either a duplicate of FERC Form No. 121 already submitted to the jurisdictional agency or a statement under oath by a person eligible to file the application that it will be filed not later than March 1, 1979.

(2) The statement shall include any well identification number assigned to the well or if none has been assigned, other information sufficient to identify the well, and shall specify the extent to which such natural gas was committed or dedicated to interstate commerce on November 8, 1978, and if so committed or dedicated, the just and reasonable rate applicable to such natural gas under the Natural Gas Act on November 8, 1978, and any rate schedules for such natural gas on file with the Commission on November 8, 1978.

### § 273.202 Collection pending jurisdictional agency determination of eligibility.

(a) *General rule.* (1) If an application has been filed with the jurisdictional agency for a determination of eligibility under Subpart B, C, G, or H of Part 271 (relating to new natural gas and certain OCS natural gas, natural gas from new onshore production wells, regulated high-cost natural gas or stripper well natural gas), the price specified in § 273.201(a)(1) or the highest maximum lawful price which is specified in any of the subparts for which application is made may be charged and collected.

(2) If an application has been filed with the jurisdictional agency for a determination of eligibility under Part 272 (relating to deregulated natural gas), the deregulated price may be charged pending the jurisdictional agency determination.

(b) *Period of collection.* Except to the extent prohibited by paragraph (c) of this section, the price authorized by paragraph (a) of this section may be charged for natural gas deliveries occurring on or after the date on which the application is filed with the jurisdictional agency and may be collected for such deliveries:

(1) Beginning on the date on which the seller complies with the requirements of paragraph (d) of this section; and

(2) Ending on the earlier of:

(i) 12 months after the first delivery for which collection is made under this section (18 months in the case of deliveries beginning before May 1, 1979), but in no case before July 31, 1980; or

(ii) The date on which the Commission receives a notice of jurisdictional agency determination under § 274.104.

(c) *Special limitation on collections.* No filing may be made under this section unless (1) the Commission has given public notice that the jurisdictional agency has filed a report in conformance with § 274.105, and (2) the jurisdictional agency has notified the Commission in writing that such agency has the authority to process applications for determinations under Subparts B, C, G and H of Part 271 and is making such determinations.

(d) *Conditions and filings.* In order to make an interim collection under this section with respect to a first sale of natural gas a seller must meet the following conditions:

(1) If the natural gas was committed or dedicated to interstate commerce on November 8, 1978, and subject to a rate schedule on file with the Commis-

sion under the Natural Gas Act, the seller shall file with the Commission a notice of intent to make interim collection under this section. The notice shall specify the category under Part 271 and the applicable rate schedule on file with the Commission for the natural gas for which an application has been filed under Part 274 and for which interim collection is intended to be made. The notice shall also include the just and reasonable rate applicable to such natural gas under the Natural Gas Act on November 8, 1978, and a copy of the FERC Form No. 121 submitted to the jurisdictional agency. If a notice is filed with the Commission under this subparagraph, no filing shall be required for any subsequent interim collection for gas under the same category and rate schedule contained in the filing.

(2) The seller shall serve each purchaser a notice of intent to make interim collection pursuant to this section. The notice shall include a copy of the FERC Form No. 121 submitted to the jurisdictional agency, and a duplicate of any items filed with the Commission under paragraph (d)(1) of this section.

(3) If requested by a purchaser, the seller must secure by a surety bond or hold in escrow any amount collected under this section which, in the case of a new well, is in excess of the price specified in § 273.201(a)(1), or in the case of any other well, is in excess of the otherwise applicable maximum lawful price. Such surety bond or escrow shall be in a form satisfactory to the purchaser.

(e) *Limitation.* Upon termination of the interim collection authority for any first sale, no further interim collections can be made for any first sales of natural gas from the same well unless any previous affirmative determination qualified gas from the well to be eligible under Subpart B, C, G, or H of Part 271.

(Natural Gas Act, as amended, 15 U.S.C. 712-717, and, Department of Energy Organization Act, 42 U.S.C. 7101-7352; E.O. 12009, 42 FR 46267; Natural Gas Policy Act of 1978, 15 U.S.C. 3301-3432, Administrative Procedure Act, 5 U.S.C. 553)

[Order 36, 44 FR 37496, June 27, 1979, as amended by Order 78, 45 FR 28098, Apr. 28, 1980; 45 FR 30068, May 7, 1980; Order 131, 46 FR 12203, Feb. 13, 1981; Order 406, 49 FR 46884, Nov. 29, 1984]

### § 273.203 Collection pending review of jurisdictional agency determination.

(a) *General rule.* (1) If the jurisdictional agency has determined in accordance with Part 274 that natural gas qualifies for a maximum lawful price under Subpart B, C, G, or H of Part 271, the seller may charge and collect such price during the period described in paragraph (b) of this section.

(2) If a jurisdictional agency has determined in accordance with Part 274 that natural gas qualifies under Part 272 (relating to deregulated natural gas), the seller may charge and collect the deregulated price during the period described in paragraph (b) of this section.

(b) *Period of collection.* The price authorized by paragraph (a) of this section may be charged and collected for natural gas deliveries:

(1) Beginning on the date on which the Commission receives notice under § 274.104(a) of an affirmative determination of a jurisdictional agency with respect to such gas; and

(2) Ending on the date the eligibility determination for such gas becomes final, except that (i) if the determination of the jurisdictional agency is remanded by final finding of the Commission, such period ends 6 months after the date of such remand, and (ii) if the determination of the jurisdictional agency is reversed by final finding of the Commission pursuant to § 275.202(g), such period ends on the date of such final finding by the Commission.

(c) *Conditions and filings.* Unless the seller previously has complied with the conditions and filings set forth in § 273.202(d), in order to make an interim collection under this section with respect to a first sale of natural gas, the seller shall undertake the conditions and filings described in § 273.202(d).

(Natural Gas Act, as amended, 15 U.S.C. 712-717 and 717, *et seq.*; Department of Energy Organization Act, 42 U.S.C. 7101-7352; E.O. 12009, 42 FR 46267; Natural Gas

Policy Act of 1978, 15 U.S.C. 3301-3432; Administrative Procedure Act, 5 U.S.C. 553)

[Order 36, 44 FR 37496, June 27, 1979, as amended at 44 FR 66789, Nov. 21, 1979; Order 78, 45 FR 28099, Apr. 28, 1980; Order 131, 46 FR 12203, Feb. 13, 1981; Order 406, 49 FR 46885, Nov. 29, 1984]

### § 273.204 Retroactive collection after final determination.

(a) *General rule.* Subject to the provisions of paragraphs (b) and (c) of this section:

(1) if an eligibility determination that first sales of natural gas from a well qualify for a maximum lawful price under Subpart B, C, G, or H of Part 271 has become final under Parts 274 and 275, and such maximum lawful price exceeds the price collected for deliveries of such natural gas for any period between the date of filing for the determination and the date on which the eligibility determination became final, then the seller may retroactively charge and collect for such period the amount of such excess; except that:

(i) If the application for determination was filed before April 1, 1979, then the amount of such excess may be computed, charged, and collected for first sales of natural gas delivered after November 30, 1978.

(ii) In the case of tight formation gas (as defined in § 271.703(b)), the amount of such excess may be computed, charged, and collected for first sales of such natural gas delivered on or after July 16, 1979.

(iii) In the case of qualified production enhancement gas (as defined in § 271.704(c)), the amount of such excess may be computed, charged, and collected for first sales of such natural gas delivered on or after the date that the production enhancement work was completed.

(iv) In the case of new natural gas (as defined in § 271.203) and natural gas produced from a new, onshore production well (as defined in § 271.303) which also satisfies the criteria of § 272.103(a)(2)(ii), if the application for determination was filed on or before January 1, 1985, then for first sales of such natural gas delivered on or after January 1, 1985, the seller may retroactively collect the amount by which the deregulated price exceeds the price collected during such period.

(v) In the case of natural gas produced from a new, onshore production well (as defined in § 271.303) which also satisfies the criteria of § 272.103(a)(3), if the application for determination was filed on or before July 1, 1987, then for first sales of such natural gas delivered on or after July 1, 1987, the seller may retroactively collect the amount by which the deregulated price exceeds the price collected during such period.

(2) If an eligibility determination that first sales of natural gas from a well are deregulated under Par § 272.103(a)(1) has become final under Parts 274 and 275, the seller may retroactively charge and collect for any period between the date of filing for the determination and the date on which the eligibility determination became final, the amount by which the price permitted under the sales contract exceeds the price collected during such period, except that if the application for determination was filed on or before June 23, 1980, then the amount of such excess may be computed, charged and collected for first sales of such natural gas delivered on or after November 1, 1979.

(b) *Special limitation on retroactive collection.* Retroactive collections otherwise authorized by paragraph (a) of this section may not be collected for a period after April 1, 1979 and prior to the later of the date on which (1) the Commission has given public notice that the jurisdictional agency has filed a report in conformance with § 274.105, and (2) the jurisdictional agency has notified the Commission in writing that such agency has the authority to process applications for determinations under Subparts B, C, G and H of Part 271 and is making such determinations.

(c) *Conditions and filings.* In order to make a retroactive collection under this section with respect to a first sale of natural gas a seller must satisfy the following conditions and filings:

(1) Retroactive collections may not begin until 45 days after the eligibility determination becomes final.

(2) A seller may not collect any amount under this section from any

purchaser unless the seller has paid to such purchaser all amounts that are due to be refunded under this subchapter by the seller to such purchaser on or before any date on which retroactive collections are made.

(3) If the natural gas was committed or dedicated to interstate commerce on November 8, 1978, is subject to a rate schedule on file with the Commission, and if the provisions of the Natural Gas Act continue to apply after a determination has become final, within fifteen (15) days after a retroactive collection begins for any first sale, the seller shall file with the Commission, and shall serve concurrently each purchaser of the gas, a notice of retroactive collection under this section. The notice shall specify:

(i) The category under Part 271 and the applicable rate schedule on file with the Commission for gas for which retroactive collection is undertaken and

(ii) The just and reasonable rate applicable to such natural gas under the Natural Gas Act on November 8, 1978.

(4) Collection under this section may be made only to the extent permitted by the applicable sales contract.

(5) Carrying charges may be collected only to the extent provided by a written agreement of the parties to the applicable sales contract (or amendment thereto). The carrying charges shall be computed at an interest rate which does not exceed the rate specified in § 154.102(c).

(Department of Energy Organization Act, 42 U.S.C. 7101, *et seq.*; E.O. 12009, 42 FR 46267; Natural Gas Policy Act of 1978; (15 U.S.C. 3301-3432); Administrative Procedure Act, 5 U.S.C. 553)

[Order 36, 44 FR 37496, June 27, 1979, as amended by Order 78, 45 FR 28099, Apr. 28, 1980; Order 99, 45 FR 56046, Aug. 22, 1980; Order 107, 45 FR 77430, Nov. 24, 1980; Order 113, 46 FR 12204, Feb. 13, 1981; 49 FR 3644, Jan. 30, 1984; Order 406, 49 FR 46885, Nov. 29, 1984; Order 406-A, 49 FR 50642, Dec. 31, 1984; Order 476, 52 FR 26475, July 15, 1987]

## Subpart C—Refund Obligation

### § 273.301 General refund obligation.

The acceptance of a first sale price under this part by any person obligates such person, his successors, heirs, and assigns to refund any portion of any amount accepted which is in excess of the applicable maximum lawful price or the collection of which is not authorized by this subchapter, without regard to whether the seller has made a filing required by Part 273 or has designated a person to make such filings on his behalf.

### § 273.302 Refunds of interim collections.

(a) *Applicability.* The provisions of this section apply to any interim collections made under the authority of Subpart B of this part.

(b) *Refund obligations.* (1) Any interim collection under this part, whether made by a seller or any person designated by a seller pursuant to § 273.103(b), shall constitute a general undertaking to comply with the refund provisions of this subpart by the designee and any seller on whose behalf the collection is made.

(2) Additional refund assurance may be required at any time by order of the Commission.

(c) *Escrow.* For special rule applicable to escrow of amounts received during interim collections, see § 273.202(d)(3).

(d) *Records.* (1) If any interim collection is made under Subpart B, for each billing period and for each purchaser the seller shall keep accurate accounts of:

(i) The price charged pursuant to Subpart B of this part;

(ii) Resulting revenues as computed under the price being charged pursuant to this part;

(iii) The maximum lawful price that would have been applicable if interim collections under Subpart B of this part had not been made;

(iv) The revenues that would have been collected under the maximum lawful price described in paragraph (d)(1)(iii) of this section; and

(v) The difference in revenues described in paragraphs (d)(1) (ii) and (iv) of this section.

(2) Such books and records shall be retained for a period of three (3) years after the termination of the interim collection period. Any contract under which any interim collections have occurred must be preserved for three (3) years after its expiration.

(e) *Refund payments.* (1)(i) Except as provided in paragraph (e)(1)(ii) of this section, within sixty (60) days after a determination becomes final denying a first sale eligibility for the price collected under this part, or within sixty (60) days after the date on which an application for determination is withdrawn by the applicant, while it is before the Commission or the jurisdictional agency, the seller must refund to the purchaser the refund amount computed under paragraph (h) of this section together with interest determined in accordance with §§ 154.102(c) and (d) of this chapter on the excess charges that have been collected from the date of payment until the date of refund.

(ii) If a refund required by paragraph (e)(1)(i) of this section is made through a billing adjustment, the seller and purchaser may agree that the billing adjustment will be completed in a reasonable period which may exceed sixty (60) days.

(iii) A purchaser may not use a billing adjustment to recover a refund required by paragraph (e)(1)(i) of this section before the expiration of the sixty (60) day period for the seller to make the refund unless the seller has previously agreed to the billing adjustment. If the seller fails to make a refund within the sixty (60) day period, the purchaser may use a billing adjustment to recover the refund without agreement by the seller. Before making a billing adjustment, a purchaser must provide the seller written notice of the amount of the refund to be recovered and the time period during which the billing adjustment will be completed.

(2) No interest is required to be paid on any portion of a refund:

(i) Which represents payments of royalties of taxes of Federal or State governmental authorities, except to the extent that such authorities pay interest to the seller when refunding overpayments of royalties or taxes; or

(ii) Which is paid from escrow except that interest which accrued in the escrow account on the amount required to be refunded shall be paid at the time of refund.

(f) *Filing requirements*—(1) *Sellers.* (i) Except as provided in paragraph (f)(1)(ii), within ninety (90) days of either the date a final determination of eligibility is obtained that the sale is not eligible for the price category stated in the application for determination, or the date a seller withdraws an application, the seller must:

(A) File with the Commission (*1*) an original and two copies of a refund report showing, for each purchaser, the amount of overcharges and interest to be refunded, as determined in accordance with paragraph (e) of this section, the dates on which any refunds were due, and the dates on which refunds were paid; or

(*2*) A statement certifying that no refund is due under this section. Either the refund report or the certification that no refund is required must include the following information: the well name; the American Petroleum Institute Well Number, if available; the jurisdictional agency with which the application for determination was filed; and, if applicable, the date of withdrawal of the application; and

(B) File with the Commission (*1*) a statement of concurrence by the purchaser that all proper refunds have been made; or

(*2*) If a purchaser does not submit a statement of concurrence to the seller, a statement that no concurrence was received.

(ii) A seller is not required to include in a report filed under paragraph (f)(1)(i) any information regarding a refund recovered by an interstate pipeline through a billing adjustment.

(2) *Interstate pipelines.* (i) An interstate pipeline must include with any Purchased Gas Adjustment filing under §§ 154.301 through 154.310 of this chapter, a refund report identifying all billing adjustments that are reflected in the interstate pipeline's PGA filing to effect refunds required to be made to it by sellers under paragraph (e) of this section. The interstate pipeline must file with the Commission the original and two copies of the refund showing for each seller:

(A) The amounts of overcharges and interest to be refunded by that seller as determined in accordance with paragraph (e) of this section;

(B) The dates on which any refunds by the seller were due;

(C) The amounts of, and the dates on which, billing adjustments were made by the pipeline to satisfy the seller's refund obligations under paragraph (e) of this section in whole or in part;

(D) The well name and, if available, American Petroleum Institute Well Number of the well that produced the natural gas for which the interstate pipeline was overcharged by that seller; and

(E) If applicable, the date of withdrawal of the seller's application.

(ii) If the interstate pipeline does not submit a statement of concurrence to the seller concerning refunds under § 273.302 of this chapter, the interstate pipeline must submit to the Commission such concurrence or a statement indicating the reason for its refusal to submit its concurrence with the seller. The interstate pipeline's submission is due within thirty (30) days of the date that a refund report or statement that does not include a statement of concurrence by the purchaser is filed by the seller. A duplicate of the submission must be served upon the seller.

(g) *Satisfaction and discharge of obligation.* If a determination becomes final that natural gas is eligible for at least the price stated in the application filed with the jurisdictional agency, then at such time the bond, escrow or other security undertaking shall become discharged to the extent it applies to first sales from the well for which the determination was made. If any refunds required by this section are made in conformity with the terms of the bond, escrow or other security undertaking, any remaining amounts of the bond, escrow or other security undertaking not used in satisfying the refund obligations shall be returned to the seller.

(h) *Refund computation.* (1) Where the final eligibility determination that the sale is not eligible for at least the price collected under Subpart B also includes a final eligibility determination of the maximum lawful price for that sale, that finally determined price, to the extent permitted by the applicable sales contract, shall be used to compute the excessive interim collections and refund amount.

(2) In any other case, the appropriate maximum lawful price specified under Subpart D, E, F, or I of Part 271, to the extent permitted by the applicable sales contract, shall be used to compute the excessive interim collections and refund amount.

(Natural Gas Act, as amended, 15 U.S.C. 717, *et seq.*; Department of Energy Organization Act, 42 U.S.C. 7101-7352; E.O. 12009, 42 FR 46267; Natural Gas Policy Act of 1978, 15 U.S.C. 3301-3432; Administrative Procedure Act, 5 U.S.C. 553; Department of Energy Organization Act, 42 U.S.C. 7101-7352; 42 CFR 142; Interstate Commerce Act, 49 U.S.C. 1, *et seq.*; Natural Gas Act, 15 U.S.C. 717-717w)

[Order 36, 44 FR 37496, June 27, 1979, as amended by Order 131, 46 FR 12204, Feb. 13, 1981; Order 273, 48 FR 1288, Jan. 12, 1983; Order 423, 50 FR 23674, June 5, 1985; Order 483, 52 FR 43889, Nov. 17, 1987]

## PART 274—DETERMINATIONS BY JURISDICTIONAL AGENCIES

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**Subpart E—Identification of State and Federal Jurisdictional Agencies**

274.501 Jurisdictional agency.

AUTHORITY: Natural Gas Policy Act of 1978, 15 U.S.C. 3301-3432 (1982); Department of Energy Organization Act, 42 U.S.C. 7101-7352 (1982).

SOURCE: Order 41, 44 FR 48668, Aug. 20, 1979, unless otherwise noted.

## Subpart A—General Provisions

### § 274.101 Applicability.

This part applies to determinations of jurisdictional agencies (as defined in § 274.501) made under § 272.103(a)(1) and the following subparts of Part 271:

(a) Subpart B (relating to new natural gas and certain OCS natural gas);

(b) Subpart C (relating to new, onshore production wells);

(c) Subpart G (relating to high-cost natural gas); and

(d) Subpart H (relating to stripper well natural gas).

[Order 41, 44 FR 48668, Aug. 20, 1979, as amended by Order 406, 49 FR 46885, Nov. 29, 1984]

### § 274.102 Definition of determination.

For purposes of this part and Part 275, a determination has been made by a jurisdictional agency when such determination is administratively final before such agency.

### § 274.103 Determinations by jurisdictional agencies.

A jurisdictional agency shall make determinations to which this part applies in accordance with procedures applicable to it under the law of its jurisdiction for making such determinations or for making comparable determinations.

### § 274.104 Notice to the Commission.

(a) *Affirmative determinations.* Except as provided in paragraph (c) of this section, within 15 days after making a determination that natural gas qualifies under this part, the jurisdictional agency shall give written notice of such determination to the Commission. Unless alternative notice requirements under § 274.207 have been approved, such notice shall include the following:

(1) A list of all participants in the proceeding as well as any persons who submitted or who sought an opportunity to submit written comments (whether or not such persons participated in the proceeding);

(2) A statement indicating whether the matter was opposed before the jurisdictional agency;

(3) The information set forth in paragraphs (a)(1) through (7) of § 274.105 as applied to the determination in question, unless the jurisdictional agency has on file with the Commission a report describing its determination process under that section;

(4) A copy of the application together with a copy or description of all other materials upon which the jurisdictional agency relied in the course of making the determination, together with any information which may be inconsistent with the determination.

(5) The information required to be filed under Subpart B of Part 274, under § 274.207, or under paragraph 271.703(c)(4), and in any case in which other materials in the record constitute portions of such information, a copy of those portions of the record; and

(6) An explanatory statement, including appropriate factual findings and references, which is sufficient to enable a person examining the notice to ascertain the basis for the determination without reference to information or data not contained in the notice.

(b) *Negative determinations.* Within 15 days after making a determination that natural gas does not qualify under this part for a maximum lawful price, the jurisdictional agency shall give written notice of such determination to the Commission, including a copy of FERC Form No. 121; except that if the applicant or any aggrieved party so requests within the 15 days following the determination, the notice shall be supplemented (within 20 days following the determination) to include all of the information specified in paragraph (a) of this section.

(c) *Affirmative determinations under section 102(c)(1)(A).* Notification to the Commission by the U.S. Department of the Interior Minerals Management Service of OCS leases issued on or after April 20, 1977, will constitute a determination that natural gas produced from such lease qualifies as new natural gas under section 102(c)(1)(A). Such notification shall be given within 60 days after the grant of a new OCS lease and shall include the lease number, the area and block number, and the date on which the lease was issued by the Secretary of the Interior. Such notification will be treated as a notice of determination under Part 275.

[Order 41, 44 FR 48668, Aug. 2, 1979, as amended by Order 336, 48 FR 44518, Sept. 29, 1983; Order 406, 49 FR 46885, Nov. 29, 1984; Order 479, 52 FR 29007, Aug. 5, 1987]

### § 274.105 Reports of determination process.

(a) *Report.* A jurisdictional agency may file with the Commission a report which states that it will take such steps as are reasonably necessary or appropriate to perform its functions under this part and which describes the method by which such agency will make determinations to which this part applies. The report shall be in narrative form and shall include:

(1) Any filing requirements imposed by the jurisdictional agency in addition to those required by Subpart B of this part (including specific forms), as well as any more specific identification of documents listed as minimum requirements Subpart B;

(2) The type of notice of filing that applicants will be required to give;

(3) The public or specific notice that will be given by the agency of filings, hearings, and determinations;

(4) The internal procedures applicable to such determinations, including specific references to the use of hearings, examiners, and formal consideration by the agency;

(5) The extent to which applicable rules permit interested parties to intervene, participate, or express views in proceedings before the agency;

(6) A description of the relevant data contained in the official records of other agencies to which the jurisdictional agency has access; and

(7) A detailed explanation of the manner in which the agency will review applications, including identification of the official records which will be examined.

(b) *Change in procedures.* The jurisdictional agency shall give written notice to the Commission of any change in procedures described in the report filed pursuant to this section.

(c) *Public files.* Reports and any changes thereto filed by the jurisdictional agency will be placed in the public files of the Commission.

## Subpart B—Requirements for Filings with Jurisdictional Agencies

### § 274.201 General requirements.

(a) *Filing requirements applicable if alternative requirements are not adopted.* The provisions of §§ 274.201 through 274.206 of this subpart apply to the extent not superseded by alternative filing requirements which have taken effect under §§ 274.207 and 274.208.

(b) *Who may file.* An application to which this subpart applies may be filed with the jurisdictional agency and signed by any person the jurisdictional agency designates as eligible to make filings with respect to the well for which the application is made.

(c) *Additional information.* The documents required by this subpart are the minimum required in support of a request for a determination. The jurisdictional agency may require additional support as it deems appropriate, and may more specifically identify the documents indicated as the minimum required.

(d) *Notice to purchasers.* Where an application for a determination is sought for natural gas for which the applicant has an identified purchaser, the application shall include a statement that the applicant has delivered or mailed a copy of the completed FERC Form No. 121 to the purchaser.

(e) *Filing fees.* Each applicant must pay the fee prescribed in § 381.402 of this chapter. The applicant will be billed annually by the Commission for each jurisdictional agency determination received by the Commission. The applicant shall submit the fee, or petition for waiver pursuant to § 381.106, within 30 days following the billing date.

[Order 65, 45 FR 3894, Jan. 21, 1980, as amended by Order 394, 49 FR 35364, Sept. 7, 1984]

### § 274.202 New natural gas.

(a) *Applications for determination.* A person seeking a determination for purposes of Subpart B of Part 271 that production from a well qualifies as new natural gas shall file an application with the jurisdictional agency for a determination that:

(1) Such production is from a new onshore well, in accordance with paragraph (b) of this section; or

(2) Such production is from a new onshore reservoir, in accordance with paragraph (c) of this section.

(b) *New onshore wells.* An application for a determination that a well is a new onshore well may be filed under paragraph (b) (1) or (2) of this section, or both.

(1) *2.5 mile test.* For purposes of demonstrating that a new onshore well is not within 2.5 miles of any marker well, the applicant shall file:

(i) FERC Form No. 121; [1]

(ii) The well completion report;

(iii) The directional drilling survey, if the jurisdictional agency requires such a survey to be conducted;

(iv) A location plat which locates and identifies the well for which the determination is sought and any other well which produced natural gas after January 1, 1970, and before April 20, 1977, and is within the 2.5 mile radius drawn from the well for which a determination is sought;

(v) A statement by the applicant under oath, that on the basis of the results of the search and examination required by § 274.202(d), he has concluded that to the best of his information, knowledge and belief, there is no marker well within 2.5 miles of the well for which he seeks a determination;

(vi) The oath statements set forth in § 274.202(d).

(2) *1,000 feet deeper test.* For purposes of demonstrating that the completion location of a new onshore well is at least 1,000 feet deeper than the deepest completion location of each marker well within a 2.5 mile radius of the well for which a determination is sought, the applicant shall file:

(i) FERC Form No. 121;

(ii) The well completion report;

(iii) Identification of the deepest completion location of the marker well with the deepest completion location of all marker wells located within 2.5 miles of the well for which the determination is sought;

(iv) A statement by the applicant, under oath, that on the basis of the results of the search and examination required by § 274.202(d), he has concluded that to the best of his information, knowledge and belief, there is no marker well within 2.5 miles of the well for which he seeks a determination which has a completion location less than 1,000 feet above the completion location of the new well; and

(v) The oath statements set forth in § 274.202(d).

(c) *New onshore reservoir.* (1) For purposes of demonstrating that production is from a new onshore reservoir, the applicant shall file:

(i) FERC Form No. 121;[1]

(ii)(A) A copy of the state order issued on or after April 20, 1977, designating new field or reservoir status to the subject reservoir, or

(B) If a state order is not available, such geological information shall be submitted which includes to the extent reasonably available to the applicant at the time the application is filed:

(*1*) Well logs;

(*2*) Bottom hole or surface pressmure surveys;

(*3*) Well potential tests;

(*4*) Formation structure maps;

(*5*) Subsurface cross-section charts; and

(*6*) Gas analyses.

If any of the information specified in paragraph (c)(1)(ii)(B) (*1*) through (*6*) of this section has already been filed in a previous application for determination with the same jurisdictional agency, and such application and determination of eligibility for such application are on file with the Commission, the applicant may submit, in lieu of such information, a statement identifying such information and the application by jurisdictional agency docket number, FERC docket or control number, and the API well number.

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[1] Filed as part of the original document.

[1] Filed as part of the original document.

(iii) The well completion report;

(iv) The directional drilling survey if the jurisdictional agency requires such a survey to be conducted; and

(v) A statement by the applicant under oath that on the basis of the results of the search and examination required in § 274.202(d), he has concluded that to the best of his information, knowledge and belief, the natural gas to be produced and for which he seeks a determination is from a new onshore reservoir;

(vi) The oath statement set forth in paragraphs (c)(2) and (d) of this section.

(2) The applicant, in his statement under oath required under paragraph (d) of this section, shall also answer, to the best of his information, knowledge and belief, and on the basis of the results of his search and examination, the following questions:

(i) Was natural gas produced in commercial quantities from the reservoir prior to April 20, 1977?

(ii)(A) If the question in paragraph (c)(2)(i) of this section is answered in the negative, was the reservoir penetrated before April 20, 1977, by an old well from which natural gas or crude oil was produced in commercial quantities from any reservoir?

(B) If the question in paragraph (c)(2)(ii)(A) of this section is answered in the affirmative, could natural gas have been produced in commercial quantities from the reservoir before April 20, 1977, from any old well described in paragraph (c)(2)(ii)(A) of this section?

(C) If the question in paragraph (c)(2)(ii)(B) of this section is answered in the negative, were any sales and deliveries of natural gas made from any other reservoir through any old well described in paragraph (c)(2)(ii)(A) of this section prior to April 20, 1977, and were any sales and deliveries of natural gas made from the subject reservoir through such old well on or after April 20, 1977, and before November 9, 1978?

(D) If the applicant is unable to answer both questions in paragraph (c)(2)(ii)(C) of this section in the negative, he must demonstrate that the Behind-the-Pipe Exclusion in section 102(c)(1)(C)(ii) of the NGPA does not apply by submitting the following:

(*1*) Proof that a final eligibility determination has been made that the subject reservoir is a new onshore reservoir by identifying such determination by the jurisdictional agency and FERC Docket number and the API well numbers, or,

(*2*) Evidence clearly demonstrating that the sale of production from the subject reservoir (net of royalty) through any well described in paragraph (c)(2)(ii)(A) of this section at the market price reasonably available as of April 20, 1977 could not have generated revenues sufficient to equal or exceed the sum of (*i*) 1.6 times the minimum incremental costs properly allocable to such production of installing cost-efficient facilities not in existence as of April 20, 1977, reasonably required to market such production, plus (*ii*) the minimum incremental expenses properly allocable to such production reasonably required to operate such facilities. All costs, expenses and revenues shall be determined as of April 20, 1977. The applicant shall also provide an explanation of the basis of all estimates accompanied by substantiating workpapers and such other evidence necessary to substantiate fully the conclusion that the Behind-the-Pipe Exclusion does not apply.

(iii)(A) If the natural gas is to be produced through an old well, were suitable facilities for the production and delivery to a pipeline of such natural gas in existence on April 20, 1977?

(B) If the question in paragraph (c)(2)(iii)(A) of this section is answered in the affirmative, were such suitable facilities installed to carry out sales and deliveries of natural gas under section 6 of the Emergency Natural Gas Act of 1977 or under the emergency sale authority pursuant to Opinion 699-B issued by the Federal Power Commission?

(d) *Oath statements by the applicant.* With each application for determination submitted under this section, the applicant shall submit a statement under oath:

(1) That the applicant has made, or has caused to be made pursuant to his instructions, a diligent search of all records (including but not limited to production, State severance tax, and royalty payment records and records of jurisdictional agency determinations) which are reasonably available and contain information relevant to the determination of eligibility;

(2) Describing the search made, the records reviewed, the location of such records, and a description of any records which the applicant believes may contain information relevant to the determination but which he has determined are not reasonably available to him;

(3) That the applicant has no knowledge of any other information not described in the application which is inconsistent with his conclusion that the well qualifies for the well category determination sought.

(e) *Determinations under section 102(c)(1)(A).* Once notification to the Commission by the U.S. Department of the Interior Minerals Management Service is made in accordance with § 274.104(c) of this part, no further filings are required to qualify natural gas subject to section 102(c)(1)(A).

[Order 65, 45 FR 3894, Jan. 21, 1980, as amended by Order 336, 48 FR 44518, Sept. 29, 1983; Order 336-A, 49 FR 568, Jan. 5, 1984]

### § 274.203 New reservoirs on old OCS leases.

A person seeking a determination for purposes of Subpart B of Part 271 that natural gas is produced from a new reservoir on an old OCS lease (as defined in § 271.203(b)), shall file an application with the jurisdictional agency which contains the following items:

(a) FERC Form No. 121;

(b) The date the reservoir was penetrated;

(c) Geological information sufficient to support a determination that the reservoir is a new reservoir on an old OCS lease.

(1) Such information shall include to the extent reasonably available to the applicant at the time of the determination:

(i) Well logs;

(ii) Bottom hole or surface pressure surveys;

(iii) Well potential tests;

(iv) Formation structure maps;

(v) Subsurface cross-section charts;

(vi) Gas analyses.

(2) If any of the information specified in paragraph (c)(1) of this section has already been filed in a previous application for determination with the same jurisdictional agency, and such application and a determination of eligibility for such application are on file with the Commission, the applicant may submit, in lieu of such information, a statement identifying such information and the application by jurisdictional agency docket number, FERC docket or control number, and the API well number.

(d) The well completion report;

(e) If the date of penetration of the reservoir is prior to July 27, 1976:

(1) Then to the extent such tests were performed on or before July 27, 1976,

(i) The results of any production test meeting the requirements of OCS Order No. 4 with respect to such reservoir; and

(ii) Any production capability evidence meeting the requirements of OCS Order No. 4 with respect to such reservoir; and

(iii) Any induction-electric logs, sidewall cores and core analyses, or wire line formation tests with respect to such reservoir; or

(2) A statement by the applicant, under oath, that no such production tests were performed and that no evidence existed on or before July 27, 1976 that the reservoir was capable of producing in paying quantities;

(f) A statement by the applicant, under oath:

(1) That the applicant has made, or has caused to be made pursuant to his instructions, a diligent search of all records (including but not limited to production and royalty payment records) which are reasonably available and contain information relevant to the determination of eligibility;

(2) Describing the search made, the records reviewed, the location of the

records, and a description of any records which the applicant believes may contain information relevant to the determination but which he has determined are not reasonably available to him;

(3) That on the basis of the results of this search and examination, the applicant has concluded that to the best of his information, knowledge and belief, the natural gas for which the applicant seeks a determination is produced from an old lease on the OCS from a reservoir which was not discovered before July 27, 1976; and

(4) That he has no knowledge of any other information not described in the application which is inconsistent with his conclusion;

[Order 65, 45 FR 3894, Jan. 21, 1980, as amended by Order 336, 48 FR 44519, Sept. 29, 1983]

### § 274.204 New, onshore production wells.

A person seeking a determination for purposes of Subpart C of Part 271 that a well is a new, onshore production well shall file an application with the jurisdictional agency which contains the following items:

(a) FERC Form No. 121;

(b) The well completion report;

(c) A location plat which locates and identifies the State law proration unit (as defined in § 271.305(a)(2)) and the well for which a determination is sought and all other wells within the State law proration unit in which the well for which a determination is sought is located;

(d) A statement by the applicant, under oath:

(1) That the surface drilling of the well for which he seeks a determination was begun on or after February 19, 1977;

(2) That the well satisfies any applicable Federal or State well spacing requirements;

(3) That, except as provided in paragraphs (e) and (f) of this section, the well is not within a State law proration unit (as defined in § 271.305(a)(2)):

(i) Which was in existence at the time the surface drilling of the well began;

(ii) Which was applicable to the reservoir from which such natural gas is produced; and

(iii) Which applied to any other well which either produced natural gas in commercial quantities or the surface drilling of which was begun before February 19, 1977, and which was thereafter capable of producing natural gas in commercial quantities;

(4) That on the basis of the documents submitted in the application, the applicant has concluded that to the best of his information, knowledge and belief, the natural gas for which the applicant seeks a determination is produced from a new, onshore production well; and

(5) That the applicant has no knowledge of any other information not described in the application which is inconsistent with his conclusion;

(e) If the applicant is seeking a determination with respect to a new well drilled into an existing State law proration unit pursuant to § 271.305, the applicant must file all items required in paragraphs (a) through (d) of this section, except for the portion of the oath statement described in paragraph (d)(3) of this section and demonstrate by appropriate geological evidence and engineering data that the new well is necessary to effectively and efficiently drain a portion of the reservoir covered by the proration unit which cannot be effectively and efficiently drained by any existing well within the proration unit.

(f) For the purposes of paragraph (d)(3)(iii) of this section, the applicant may rely on the rebuttable presumption created in § 271.305(d) unless the applicant knew that a well in the proration unit, which was plugged and abandoned prior to January 1, 1970 and has not produced natural gas on or after that date, produced natural gas in commercial quantities or, after February 19, 1977, was capable of producing natural gas in commercial quantities.

[Order 65, 45 FR 3894, Jan. 21, 1980, as amended by Order 336, 48 FR 44519, Sept. 29, 1983]

**§ 274.205 High-cost natural gas.**

(a) *Deep, high-cost natural gas.* (1) A person seeking a determination for purposes of Part 272 that natural gas is deep, high-cost natural gas shall file an application with the jurisdictional agency. An application filed under this paragraph shall cover natural gas produced from the completion location identified in the application and any deeper location that may be completed after the date of the application.

(2) An application required by paragraph (a)(1) of this section shall contain the following items:

(i) FERC Form No. 121;

(ii) All well completion reports for the well for which a determination is sought;

(iii) The log heading together with the relevant portion of the well log or well servicing company reports or such other information which will corroborate the depth of the completion location reported in the well completion report;

(iv) Directional drilling surveys, if available; and

(v) A statement by the applicant, under oath, that the surface drilling of the well for which the applicant seeks a determination began on or after February 19, 1977, that the well completion location is located at a true vertical depth of more than 15,000 feet, and that the applicant has no knowledge of any information not described in the application which is inconsistent with his conclusions.

(b) *Natural gas produced from geopressured brine.* A person seeking a determination for purposes of Part 272 that natural gas is produced from geopressured brine shall file an application with the jurisdictional agency which contains the following items:

(1) FERC Form No. 121;

(2) The well completion report;

(3) A bottom-hole pressure test report and other information establishing the initial reservoir pressure gradient;

(4) Evidence to establish that, before production, the gas from the well was in solution in a brine aquifer with at least 10,000 parts of dissolved solids per million parts of water;

(5) A statement by the applicant, under oath, that the information establishing the initial reservoir geopressure gradient indicates a reservoir geopressure gradient in excess of 0.465 pounds, that the gas from the well was in solution in a brine aquifer with at least 10,000 parts of dissolved solids per million parts of water and that the applicant has no knowledge of any information not described in the application which is inconsistent with his conclusions.

(c) *Occluded natural gas produced from coal seams.* A person seeking a determination for purposes of Part 272 that natural gas is occluded natural gas produced from coal seams shall file an application with the jurisdictional agency which contains the following items:

(1) FERC Form No. 121;

(2) The well completion report, if the gas is produced through a well bore, or a detailed description of the production process if the gas is not produced through a well bore;

(3) A radioactivity, electric or other log which will define the coal seams or, if such logs are not reasonably available, a detailed lithologic description of the gas-producing interval;

(4) Evidence to establish that the natural gas was produced from a coal seam;

(5) A statement by the applicant, under oath, that the gas was produced from a coal seam and that the applicant has no knowledge of any information not described in the application which is inconsistent with his conclusion.

(d) *Natural gas produced from Devonian shale.* A person seeking a determination for purposes of Part 272 that natural gas is produced from Devonian shale shall file an application with the jurisdictional agency which contains the following items:

(1) FERC Form No. 121;

(2) The well completion report;

(3)(i) For wells completed on or after November 1, 1979, a gamma ray log with superimposed indications of the shale base line and the gamma ray index of 0.7 over the Devonian age stratigraphic section designated pursuant to § 272.103(e);

(ii) For wells completed before November 1, 1979:

(A) A gamma ray log, if reasonably available, with superimposed indications of the shale base line and the gamma ray index of 0.7 over the Devonian age stratigraphic section designated pursuant to § 272.103(e); or

(B) If a gamma ray log is not reasonably available, a driller's log, or similar report, indicating the general characteristics of the strata penetrated and the corresponding depths at which they are encountered throughout the Devonian age stratigraphic section designated pursuant to § 272.103(e);

(4) A sworn statement:

(i) Calculating the percentage of footage of the producing interval which is not Devonian shale as indicated by a Gamma ray index of less than 0.7 if a gamma ray log described in paragraph (d)(3)(i) or (d)(3)(ii)(A) of this section, has been filed, or as indicated by the report described in paragraph (d)(3)(ii)(B) of this section;

(ii) Demonstrating that the percentage of potentially disqualifying nonshale footage for the stratigraphic section selected is equal to or less than 5 percent of the Devonian stratigraphic age interval designated pursuant to § 272.103(e);

(iii) That the applicant has no knowledge of any information not described in the application which is inconsistent with his conclusions;

(5) A reference to a standard stratigraphic chart or text establishing that the producing interval is a shale of Devonian age.

(e) *Natural gas produced from designated tight formations*—(1) *New tight formation gas.* A person seeking a determination for purposes of Subpart G of Part 271 that natural gas is new tight formation gas shall file with the jurisdictional agency an application which contains the following items:

(i) (A) If the gas is produced from a well which qualifies as a new, onshore production well, all information required in § 274.204 (except for the item specified in paragraph (d)(1) of that section); or

(B) If the gas qualifies for the new natural gas price, the information required in § 274.202 or § 274.203;

(ii) The heading and pertinent portions of the well log, or a drilling report identifying the designated tight formation; and

(iii) A statement by the applicant, under oath, that:

(A) The surface drilling of the well for which a determination is sought was begun on or after July 16, 1979;

(B) The gas is being produced from a designated tight formation; and

(C) The applicant has no knowledge of any other information not described in the application which is inconsistent with his conclusions.

(2) *Recompletion tight formation gas.* A person seeking a determination for purposes of Subpart G of Part 271 of this chapter that natural gas is recompletion tight formation gas shall file with the jurisdictional agency an application which contains the following items:

(i) FERC Form No. 121;

(ii) The well completion report;

(iii) The heading and pertinent portions of the well log, or a drilling report identifying the designated tight formation; and

(iv) A statement by the applicant, under oath, that:

(A) The gas is being produced from a designated tight formation; and

(B) The well was not completed for production in the designated tight formation prior to July 16, 1979; or, if the well was completed for production in the designated tight formation prior to July 16, 1979, then the gas subject to the application is being produced from a completion location which was completed on or after [the effective date of the final rule], and such gas could not have been produced from any completion location which was in existence in the well bore prior to December 27, 1983; and

(C) The applicant has no knowledge of any other information not described in the application which is inconsistent with his conclusion.

(v) If the well was completed for production in the designated tight formation prior to July 16, 1979,

(A) A gamma ray log on which all completion locations in the wellbore which were completed for production prior to December 27, 1983, and the completion locations which are the subject of the application are identified, and which demonstrates that the strata between the completion locations contain a minimum of 20 vertical feet of impermeable structure; or

(B) The results of bottom hole pressure surveys, gas analyses, or other methods or calculations comparing the completion locations which are the subject of the application and any completion locations in the wellbore which were completed for production prior to December 27, 1983; and an explanation of the engineering principles, calculations, and reasoning used in making the judgment that these comparisons demonstrate that the gas to be produced from the subject completion locations could have been produced from any completion locations in existence prior to December 27, 1983.

(f) *Qualified production enhancement gas.* A person seeking a determination for purposes of § 271.704 that natural gas is qualified production enhancement gas shall file with the jurisdictional agency an application which contains the following items:

(1) FERC Form No. 121;

(2) A detailed statement describing the production enhancement work that has been performed on the well, including the dates such work was commenced and completed, or that will be performed on the well;

(3) An itemized statement of costs incurred in performing the production enhancement work described in § 271.704(d), including copies of invoices and bills for such work or, if the work has not yet been completed, estimates of such cost;

(4) An statement estimating, for the five year period begining from the month in which the application is filed, the units of gas production (MMBtu's) that:

(i) Would be produced from the well if the production enhancement work had been completed on the day that the application is filed; and

(ii) Would be produced from the well if the production ehancement work is not performed or had not been performed;

(5) The calculation, based on the estimates required by paragraph (f)(4) of this section, that is required by § 271.704(c)(1)(v);

(6) The renegotiated price and a copy of that portion of the sales contract that authorizes collections of such price;

(7) A statement by the applicant, under oath, that:

(i) The production enhancement work is necessary, and can be reasonably expected, to enhance production;

(ii) The maximum lawful price that would be applicable but for qualification of the gas under § 271.704, does not, or will not, provide adequate incentive for the performance of the production enhancement work;

(iii) But for the availability of a price at least as high as the renegotiated price specified in paragraph (f)(6) of this section, the production enhancement work would not have been or will not be performed;

(iv) The production enhancement work was not commenced before:

(A) May 29, 1980, for wells otherwise subject to the maximum lawful price prescribed by Subpart E of Part 271; or

(B) September 26, 1983, for wells otherwise subject to the maximum lawful price prescribed by Subparts D and F of Part 271.

(v) To the best of the applicant's knowledge and belief, the estimates required by paragraph (f)(4) of this section are reasonable; and

(vi) The applicant has no knowledge of any other information not described in the application which is inconsistent with these statements and estimates;

(8) A statement by the purchaser, under oath, that to the best of the purchaser's knowledge or belief:

(i) There is a reasonable basis for the statements and estimates made by the applicant pursuant to this paragraph; and

(ii) The purchaser has no knowledge of any information not described in the application which is inconsistent with such statements and estimates; and

(9) (i) If the application is based to any extent on fracturing operations described in § 271.704(d)(5), a statement that:

(A) Describes the minimum separation between the target production zone and fresh water aquifers which are, or are expected to be, used as domestic or agricultural water supplies; and

(B) Identifies the measures that have been, or will be, taken by the applicant to protect the quality of such fresh water aquifers and to protect the intergrity of the separating strata between the target production zone and the fresh water acquifers if the fracturing operations might result in fluid communication between these formations;

(ii) The jurisdictional agency may waive the requirements of paragraph (f)(9)(i) of this section if it determines that the state has a program reasonably designed to assure that no damage will result, from fracturing operations, to fresh water aquifers which are, or are expected to be, used as domestic or agricultural water supplies.

(Natural Gas Policy Act of 1978, 15 U.S.C. 3301-3432, Natural Gas Act as amended, 15 U.S.C. 712-717)

[Order 78, 45 FR 28099, Apr. 28, 1980, and Order 99, 45 FR 56046, Aug. 22, 1980, as amended by Order 107, 45 FR 77430, Nov. 24, 1980; Order 336, 48 FR 44519, Sept. 29, 1983; 48 FR 45102, Oct. 3, 1983; Order 345, 48 FR 49509, Oct. 26, 1983; Order 501, 53 FR 28194, July 27, 1988]

### § 274.206 Stripper well natural gas.

A person seeking a determination for purposes of Subpart H of Part 271 that a well either qualifies or continues to qualify as a stripper well shall file an application with the jurisdictional agency which contains the following items:

(a) *Application for determination.* For purposes of initially qualifying a stripper well, the applicant shall file:

(1) FERC Form No. 121;

(2) Production records, if available, and if not, tax records, if available, or verified copies of billing statements upon which the average production for the 90-day production period is based; or, if so permitted by the jurisdictional agency's filing requirements, summaries of such records or billing statements;

(3) A copy of the results of any tests which establish a maximum efficient rate of flow under § 271.807(a);

(4) Where the maximum efficient rate of flow for the well has not been established under § 271.807(a):

(i) Production records, if available, and if not, tax records, if available, or verified copies of billing statements for the 12 months ending on the last day of the 90-day production period upon which the application is based, or if so permitted by the jurisdictional agency's filing requirements, summaries of such records or billing statements; or

(ii) A copy of the results of any tests which measure the production capability of the well, or any other evidence upon which the jurisdictional agency could establish maximum efficient rate of flow.

(5) Where the determination is deferred pursuant to § 271.807(b)(1)(ii) or (b)(2), within 90 days after the last day of the deferred period, production data for the deferred period, including the 90-day production period upon which the application is based.

(6) The number of days natural gas was produced during the 90-day production period described in § 271.803(c)(2).

(7) The number of days natural gas was not produced during the 90-day production period described in § 271.803(c)(2), and

(i) A description of the state law or conservation practice, as set forth in § 271.803(d)(2), pursuant to which the well did not produce on any such day or days, or

(ii) An explanation of any other reason the well did not produce on any such day or days.

(8) The production records for crude oil produced from the well for the 90-day production period upon which the application is based, or if no crude oil was produced from the well, a statement under oath to that effect.

(9) If the well is multiple completion well, production records for each completion location penetrated by the well bore:

(i) For the 90-day production period on which the application is based; and

(ii) For the 12 month period on which the maximum efficient rate of flow presumption is based, if applicable.

(10) A statement under oath, (i) that the applicant has made, or has caused to be made pursuant to his instructions, a diligent search of all records which are reasonably available and contain information relevant to the determination;

(ii) Describing the search made, the records reviewed, and the results of this search and examination upon which he has concluded that to the best of his information, knowledge and belief, the well qualifies as a stripper well;

(iii) That the production records, tax records, billing statements, or summaries of such records or billing statements relied upon in the application are correct; and

(iv) A statement that the applicant has no knowledge of any other information which is inconsistent with his conclusion that the well qualifies as a stripper well.

(b) *Notice by an operator or purchaser of an increase in production.* For purpose of the notices required under § 271.805, the person filing shall include:

(1) The names and addresses of the operator and purchaser(s) with a designation of who is filing the notice;

(2) Identification of the subject well and accurate record reference to the original determination qualifying the well as a stripper well;

(3) The monthly production reports, tax records or billing statements upon which the notice is based for the period of production in question or, if so permitted by the jurisdictional agency's filing requirements, summaries of such records or billing statements;

(4) A statement of the average production per production day for the period in question;

(5) A statement that all of the information contained in the notice is true to the best of his information, knowledge and belief; and that the notice has been served on the appropriate entities specified in § 271.805(d)(3).

(c) *Determination of increased production resulting from recognized enhanced recovery techniques.* For purposes of a determination under § 271.805(g) that increased production resulted from the use of recognized enhanced recovery techniques, the applicant shall file:

(1) The names and addresses of the applicant and purchaser(s);

(2) An identification of the well and accurate reference to the original determination qualifying the well as a stripper well and the notice, if any, filed by a purchaser pursuant to § 271.805;

(3) The well completion report;

(4) A description of all processes used and equipment installed together with all dates of use or installation which constitute enhanced recovery techniques;

(5) An inventory of the lease and production equipment used such as compression facilities, pumps, chokes and intermittors for the well for the past 24 months or, if less, the period the well has been in production prior to the institution of recovery techniques;

(6) A statement, under oath, that to the best of his information, knowledge and belief, the information supplied and the conclusions drawn are true, that the operator has no knowledge of any information not described in the application which is inconsistent with any of his conclusions; and that the petition for recognized enhanced recovery techniques has been served on any purchaser.

(d) *Designation that a well is seasonally affected.* For purposes of a determination under § 271.804(d) that a well is seasonally affected, the applicant shall file:

(1) The names and addresses of the applicant and purchaser(s);

(2) An identification of the well and accurate record reference, if applicable, to the origninal determination qualifying the well as a stripper well and any notice filed by a purchaser pursuant to § 271.805;

(3) Production records, tax records or billing statements for a period of 24 months, including the 90-day production period which is the subject of the notice by the operator or the purchaser or, if so permitted by the jurisdictional agency's requirements, summaries of such records or billing statements;

(4) A description of the nature of the seasonal fluctuations as inferred from the date supplied;

(5) A statement, under oath, that the production records, tax records or billing statements, or summaries of such records or billing statements, if so permitted by the jurisdictional agency's filing requirements, relied upon in the application for the designation are correct; that the operator has no knowledge of any information not described in the application which is inconsistent with any of his conclusions; and that the petition for seasonally affected designation has been served on any purchaser.

(e) *Determination of increased production resulting from temporary pressure buildup.* For purposes of a determination under § 271.806(a) that excess production resulted from temporary pressure buildup in the well bore, the applicant shall file:

(1) The name and addresses of the applicant and purchaser(s);

(2) An identification of the well and accurate reference to;

(i) The original determination qualifying the well as a stripper well or the pending application before a jurisdictional agency, and

(ii) The notice, if any filed by a purchaser pursuant to § 271.805(d).

(3) The monthly production reports, tax records or billing statements for the 90-day production period in question or, if permitted by the jurisdictional agency's filing requirements, summaries of such records or billing statements;

(4) A statement of the total production for the period in question, and the average production per production day;

(5) A statement of the number of days the well was shut-in and a description of the reason for the shut-in;

(6) Engineering, geological and/or production data to support a finding that the increased rate of production was the result of a pressure buildup which occurred when the well was shut-in;

(7) A statement, under oath, that to the best of his information, knowledge and belief:

(i) The well would have produced at an average rate not exceeding 60 Mcf per production day during the relevant 90-day production period had the well been continuously open to the line during such period;

(ii) The information supplied is true; and

(iii) The petition for this determination has been served on any purchaser.

(f) *Motion contesting a disqualification or requalification.* An operator or purchaser seeking a determination under § 271.806(b), of a motion contesting a disqualification or requalification, shall file:

(1) The names and addresses of the operator and purchaser(s);

(2) An identification of the well and accurate reference to,

(i) The original determination qualifying the well as a stripper well or the pending application for the stripper well determination, and

(ii) If applicable, the notice of disqualification filed by the purchaser pursuant to § 271.805(d);

(3) A statement summarizing the reasons why the well should not be disqualified;

(4) Any documentary evidence that supports the statement made pursuant to paragraph (f)(3) of this section; and

(5) A statement, under oath, that all of the information contained in the motion is true to the best of the operator's information, knowledge, and belief and that the motion has been served on the purchaser(s).

[Order 65, 45 FR 3984, Jan. 21, 1980, as amended at 45 FR 15524, Mar. 11, 1980; 46 FR 6902, Jan. 22, 1981; Order 187, 46 FR 57467, Nov. 24, 1981; Order 336, 48 FR 44519, Sept. 29, 1983; Order 336-A, 49 FR 568, Jan. 5, 1984]

### § 274.207 Alternative filing and notice requirements.

(a) *General.* Upon written application by a jurisdictional agency pursuant to this section, the Commission may approve:

(1) Filing requirements which differ from those in §§ 274.201 through 274.206; and

(2) Notice requirements which differ from those in § 274.104;

(b) *Contents of applications.* Applications for approval of alternative filing or notice requirements shall include:

(1) Each requirement of this part for which an alternative is proposed;

(2) A description of the specific requirements which will replace the requirements in paragraph (b)(1) of this section including copies of any forms to be used by the agency;

(3) The reasons for requesting approval of each alternative requirement, which may include the fact that such information is not available; and

(4) The basis for the belief that filings under the alternative filing requirements will provide substantial evidence on which the jurisdictional agency may base a determination or that notice under the alternative notice requirements will provide the Commission with an adequate basis upon which to review the determination.

(c) *Commission review of applications.* Upon receipt of an application pursuant to this section, the Commission shall give public notice of such application and after review of any written comments, may issue an order approving the alternative requirements. The Commission will publish the order in the FEDERAL REGISTER.

(d) *Effective date of alternative filing and notice requirements.* (1) With respect to applications received by a jurisdictional agency after the effective date of approval of alternative filing requirements, such alternate requirements as are specified and approved in § 274.208 shall apply in lieu of the provisions of §§ 274.201 through 274.206.

(2) With respect to determinations made by a jurisdictional agency after the effective date of approved alternative notice requirements, the alternative notice requirements as are specified and approved in § 274.208 shall apply in lieu of the provisions of § 274.104 of this subpart.

(e) *Termination of alternative filing and notice requirements.* (1) A jurisdictional agency may, upon notice to the Commission, discontinue the use of any alternative filing or notice requirements approved under this subpart.

(2) The Commission may, after a public comment period of no less than 30 days, give notice to a jurisdictional agency that the Commission has terminated its approval of alternative filing or notice requirements, if it finds that the alternative filing or notice requirements:

(i) Are not sufficient to carry out the purpose of the NGPA; or

(ii) After notice and opportunity for hearing, the jurisdictional agency has not complied, or required compliance, with the alternative provisions.

(3) Applications for determinations received by jurisdictional agencies after notice of termination of the applicability of alternative filing requirements pursuant to this section and § 274.208 shall be subject to the filing requirements set forth in §§ 274.201 through 274.206.

(4) Notice of determinations made by jurisdictional agencies after notice of termination of the applicability of alternative notice requirements pursuant to this section and § 274.208 shall be subject to the notice requirements set forth in § 274.104.

[Order 65, 45 FR 3984, Jan. 21, 1980]

### § 274.208 Alternative filing and notice requirements accepted by the Commission.

(a) Certain Infill Wells in the Blanco-Messaverde and Basin-Dakota Pools in New Mexico.

(1) A person seeking a determination for purposes of Subpart C of Part 271 than an infill well in New Mexico drilled in accordance with the New Mexico Oil Conservation Division Order No. R 1670-Tin the Blanco-Messaverde pool or Order No. R-1670-V in the Basin-dakota pool, is a new, onshore production well shall file with the New Mexico jurisdictional agency or the Area Oil and Gas Supervisor of the Untied States Geological Survey as appropriate, an application which contains, in lieu of the information specified in § 274.204, the following items:

(i) FERC Form No. 121;

(ii) The well completion report;

(iii) A location plat which locates and identifies the State law proration unit (as defined in § 271.305(a)(2)) and the well for which a determination is sought and all other wells within the State law proration unit in which the well for which a determination is sought is located;

(iv) A statement by the applicant, under oath:

(A) That the surface drilling of the well for which he seeks a determination was begun on or after February 19, 1977;

(B) That the well satisfies any applicable Federal or State well spacing requirements;

(C) That the applicant has concluded that to the best of his information, knowledge and belief, the natural gas for which he seeks a determination is produced from a new, onshore production well; and

(D) That the applicant has no knowledge of any other information not described in the application which is inconsistent with his conclusion;

(v) A statement referencing New Mexico Oil Conservation Division Order No. R-1670-T if the well is located in the Blanco-Mesaverde pool or New Mexico Oil Conservation Division Order No. R-1670-V if the well is located in the Basin-Dakota pool.

(2) With respect to wells to which this section applies, receipt by the Commission of a notice of determination pursuant to § 274.104 shall be deemed to satisfy:

(i) The requirement of notice to the Commission under § 271.305(c); and

(ii) The requirement of § 271.305(b)(1) that appropriate geological and engineering data be included in the notice of determination.

(b) Certain Infill Wells in the Ignatio Blanco Field in La Plata and Archuleta Counties, Colorado and the Wattenberg Field in Adams and Weld Counties, Colorado.

(1) A person seeking a determination for purposes of Subpart C of Part 271 that an infill well in Colorado, drilled in accordance with the Colorado Department of Natural Resources, Oil and Gas Conservation Commission's Order No. 112-46, as ratified by the United States Geological Survey's Oil and Gas Supervisor for the Southern Rocky Mountain Area, in the Fruitland-Pictured Cliffs, Mesaverde or Dakota-Morrison Formations, Ignatio Blanco Field is a new, onshore production well, shall file with the Colorado jurisdictional agency or the Area Oil and Gas Supervisor of the United States Geological Survey, as appropriate, an application which contains, in lieu of the information specified in § 274.204, the following items:

(i) FERC Form No. 121;

(ii) The well completion report;

(iii) A location plat which locates and identifies the State law proration unit (as defined in § 271.305(a)(2)) and the well for which a determination is sought and all other wells within the State Law proration unit in which the Well for determination is sought is located;

(iv) A statement by the applicant, under oath:

(A) That the surface drilling of the well for which he seeks a determination was begun on or after February 19, 1977;

(B) That the well satisfies any applicable Federal or State well spacing requirements;

(C) That the applicant has concluded that to the best of his information, knowledge and belief, the natural gas for which he seeks a determination is produced from a new, onshore production well; and

(D) That the applicant has no knowledge of any other information not described in the application which is inconsistent with his conclusion;

(v) A statement referencing Colorado's Oil and Gas Conservation Commission Order No. 112-46 if the well is located in the Fruitland Pictured Cliffs, Mesaverde or Dakota-Morrison formations of the Ignatio Blanco Field.

(2) A person seeking a determination for purposes of Subpart C of Part 271 that an infill well in Colorado, drilled in accordance with the Colorado Department of Natural Resources, Oil and Gas Conservation Commission's Order No. 232-20 in the "J" Sand Formation of the Wattenberg Field is a new, onshore production well, shall file with the Colorado jurisdictional agency an application which contains, in lieu of the information specified in § 274.204, the following items:

(i) The items specified in paragraphs (b)(1) (i) through (iv) of this section; and

(ii) A statement referencing Colorado's Oil and Gas Conservation Com-

best copy available

mission Order No. 232-20 if the well is located in the "J" Sand Formation of the Wattenberg field.

(3) With respect to wells to which this paragraph applies, receipt by the Commission of a notice of determination applies, receipt by the Commission of a notice of determination pursuant to § 274.104 shall be deemed to satisfy:

(i) The requirement of notice to the Commission under § 271.305(c); and

(ii) The requirement of § 271.305(b)(1) that appropriate geological and engineering data be included in the notice of determination.

(c) *Certain Infill Wells in the Sussex and Shannon reservoirs in the Spindle field and in the Sussex reservoir in the Hambert Field in Adams and Weld Counties, Colorado.* (1) A person seeking a determination for purposes of Subpart C of Part 271 that a second well drilled in accordance with the Colorado Department of Natural Resources' Oil and Gas Conservation Commission's Order Nos. 304-5, 250-12, 250-14, 250-16, 250-17, 250-19, 250-20, 250-21, and 250-23 in the Sussex and Shannon reservoirs in the Spindle field and in the Sussex reservoir in the Hambert Field in Adams and Weld Counties, Colorado is a new, onshore production well, shall file with the Colorado jurisdictional agency an application which contains, in lieu of the information specified in § 274.204, the following items:

(i) FERC Form No. 121;

(ii) The well completion report;

(iii) A location plat which locates and identifies the State law proration unit (as defined in § 271.305(a)(2)) and the well for which a determination is sought and all other wells within the State Law proration unit in which the well for which a determination is sought is located;

(iv) A statement by the applicant, under oath:

(A) That the surface drilling of the well for which he seeks a determination was begun on or after February 19, 1977;

(B) That the well satisfies any applicable Federal or State well spacing requirements;

(C) That the applicant has concluded that to the best of his information, knowledge and belief, the natural gas for which he seeks a determination is produced from a new, onshore production well; and

(D) That the applicant has no knowledge of any other information not described in the application which is inconsistent with his conclusion;

(v) A statement referencing Colorado's Oil and Gas Conservation Commission's Order Nos. 304-5, 250-12, 250-14, 250-16, 250-17, 250-19, 250-21, or 250-23, as appropriate.

(2) With respect to wells to which this paragraph applies, receipt by the Commission of a notice of determination pursuant to § 274.104 shall be deemed to satisfy:

(i) The requirement of notice to the Commission under § 271.305(c); and

(ii) The requirement of § 271.305(b)(1) that appropriate geological and engineering data be included in the notice of determination.

(d) Applications for well determinations under section 103, Subpart C of Part 271, filed with the Oklahoma Corporation Commission.

(1) A person seeking a determination for purposes of Subpart C of Part 271 that an additional well on an existing statutorily-established proration unit in Oklahoma, for which an increased density order containing a finding of necessity has been issued, is a new, onshore production well, shall file with the Oklahoma jurisdictional agency an application which contains in lieu of the information specified in § 274.204 the following items:

(i) FERC Form No. 121;

(ii) The well completion report;

(iii) A location plat which locates and identifies the State law proration unit (as defined in § 271.305(a)(2)) and the well for which a determination is sought and all other wells within the State law proration unit in which the well for which a determination is sought is located;

(iv) A statement by the applicant under oath;

(A) That the surface drilling of the well for which he seeks a determination was begun on or after February 19, 1977;

(B) That the well satisfies any applicable Federal or State well spacing requirements;

(C) That the applicant has concluded that to the best of his information, knowledge and belief, the natural gas for which he seeks a determination is produced from a new, onshore production well; and

(D) That the applicant has no knowledge of any other information not described in the application which is inconsistent with his conclusion;

(v) A copy of the increased density order issued by the Oklahoma Corporation Commission which contains the finding of necessity for additional wells in the proration unit in which the well for which the determination is being sought is located.

(2) With respect to wells to which this paragraph applies, receipt by the Commission of a notice of determination pursuant to § 274.104 shall be deemed to satisfy:

(i) The requirement of notice to the Commission under § 271.305(c), and

(ii) The requirement of § 271.305(b)(1) that appropriate geological and engineering data be included in the notice of determination.

(Natural Gas Act, as amended, 15 U.S.C. 717 *et seq.*; Department of Energy Organization Act, 42 U.S.C. 7107, *et seq.*; Exec. Order No. 12009, 42 FR 46267; Natural Gas Policy Act of 1978, 15 U.S.C. 3301, *et seq.*)

[Order 66, 45 FR 3900, Jan 21, 1980, as amended at 45 FR 12411, Feb. 26, 1980; 45 FR 24125, Apr. 9, 1980; 45 FR 35323, May 27, 1980; Order 163, 46 FR 35083, July 7, 1981; Order 336, 48 FR 44519, Sept. 29, 1983]

## Subpart C—Waivers

SOURCE: Order 41, 44 FR 48668, Aug. 20, 1979, unless otherwise noted.

### § 274.301 Applicability.

This subpart contains the procedures by which jurisdictional agencies and the Commission may enter into agreements under which jurisdictional agencies waive to the Commission authority to make the determinations set forth in Subpart A of this part.

### § 274.302 Requests for waiver.

(a) *General.* A jurisdictional agency may file with the Commission a request to enter into a written agreement waiving, in whole or in part, the authority of the jurisdictional agency to make determinations pursuant to Subpart A of this part.

(b) *Contents of requests.* Requests filed pursuant to this section shall include:

(1) The name of the jurisdictional agency;

(2) Each class of determination for which a waiver is sought;

(3) The reasons the jurisdictional agency believes a waiver is necessary; and

(4) The length of time any waiver is to remain in effect.

(c) *Commission action on requests.* After consideration of any request under this section, the Commission may execute a written agreement including:

(1) Provision that upon written acceptance of the agreement by the jurisdictional agency, the Commission, in lieu of such agency, will make the determinations waived in the agreement, and

(2) Any terms and conditions the Commission deems appropriate with respect to such waiver, including the date on which the waiver shall terminate; and

(3) The effective date of the waiver.

### § 274.303 Termination or revocation of agreements.

Agreements pursuant to this subpart shall remain in effect until public notice of the following is given by the Commission:

(a) *Expiration.* Notice that the agreement of waiver has expired pursuant to a term or condition of the waiver agreement;

(b) *Termination.* Notice that the Commission has received written notice from the jurisdictional agency that such agency terminates the agreement as of a specific date and assumes the authority to make determinations under Subpart A of this part; or

(c) *Revocation.* Notice that the Commission has revoked the agreement pursuant to a term or condition of the waiver agreement.

### § 274.304 Notice.

The Commission shall cause public notice to be made of agreements of waiver and of any termination or revocation of a waiver.

## Subpart D—Delegations to State Agencies

**§ 274.401 Delegation of authority to receive certain reports.**

(a) *Delegation.* The Commission may delegate to a State agency the authority to receive the reports required by §§ 276.102(d) and 276.103(d) to be filed by an intrastate pipeline pursuant to sales made under sections 105 and 106(b) of the NGPA.

(b) *State agency.* A delegation pursuant to this section shall be made only to a State agency with jurisdiction over the rates and charges of the intrastate pipelines required to make filings under §§ 276.102(d) and 276.103(d).

(c) *Terms of the delegation.* If a delegation is made under paragraph (a) of this section the Commission and the State agency shall execute a delegation agreement containing such terms and conditions as the parties deem appropriate, including the manner in which the Commission will be provided with such copies of the reports as it may require. Notice of the delegation agreement shall be published in the FEDERAL REGISTER.

[Order 41, 44 FR 48669, Aug. 20, 1979]

## Subpart E—Identification of State and Federal Jurisdictional Agencies

**§ 274.501 Jurisdictional agency.**

(a) *Definition.* Except as provided in paragraph (b), "jurjsdictional agency" means:

(1) With respect to a well the surface location of which is on the OCS, the Federal or State agency having regulatory jurisdiction with respect to the production of natural gas. The following agencies have notified the Commission of their authority in this regard.

(i) For OCS wells located in the Gulf Coast Region: Area Oil & Gas Supervisor, 1201 Wholesalers Parkway, New Orleans, LA 70123.

(ii) For OCS wells located in the Atlantic Region: Area Oil & Gas Supervisor, Atlantic OCS Operations, 1961 Kidwell Drive, Vienna, VA 22180.

(iii) For OSC wells located offshore Alaska: Area Oil & Gas Supervisor, P.O. Box 101159, 800 A Street, Anchorage, AK 99510.

(iv) For OCS wells located offshore California: Area Oil & Gas Supervisor, 160 Federal Building, 1340 W. 6th Street, Room 200, Los Angeles, CA 90017.

(2) With respect to a well the surface location of which is on lands within the boundaries of a State (including Federal lands and offshore State lands), the Federal or State agency having regulatory jurisdiction with respect to the production of natural gas. The following agencies have notified the Commission of their authority in this regard:

| State in which well is located | Jurisdictional Agency for Wells on— | |
|---|---|---|
| | Federal lands | Other lands |
| Alabama | Chief, Branch of Fluid and Solid Minerals, Bureau of Land Management, Eastern States Office (972), 350 South Pickett St., Alexandria, VA 22304. | State Oil and Gas Board, Drawer O, University, AL 35486. |
| Alaska | | Oil & Gas Conservation Commission, 30 Porcupine Dr., Anchorage, AK 99501. |
| Anchorage District | Asst. District Manager for Mineral Resources, Bureau of Land Management, 4700 East 72nd Ave., Anchorage, AK 99507. | |

| State in which well is located | Jurisdictional Agency for Wells on— | |
|---|---|---|
| | Federal lands | Other lands |
| Fairbanks District | Asst. District Manager for Mineral Resources, Bureau of Land Management, North Post Fort Wainwright, Box 1150, Fairbanks, AK 99707. | |
| Only Alaska OCS region | Regional Supervisor for Field Operations, 800 A Street, Anchorage, AK 99510. | |
| Arizona | Deputy State Director for Mineral Resources, Bureau of Land Management, Arizona State Office, 2400 Valley Bank Center, Phoenix, AZ 85073. | Oil & Gas Conservation Commission, Suite 420, 1645 W. Jefferson, Phoenix, AZ 85007. |
| or | | |
| Arizona (Only the Navajo and Hopi Indian Reservations). | District Manager, Bureau of Land Management, Albuquerque District Office (NGPA), 435 Montano Road, NE., Albuquerque, NM, 87107. | |
| Arkansas | Chief, Branch of Fluid and Solid Minerals, Bureau of Land Management, Eastern States Office (972), 350 South Pickett Street, Alexandria, VA 22304. | Oil & Gas Commission, a Division of the Arkansas Dept. of Commerce, 314 East Oak, El Dorado, AR 71730. |
| California: | | |
| Except for Naval Petroleum Reserve No. 1 (Elk Hills) and Naval Petroleum Reserve No. 2 (Buena Vista). | Chief, Branch of Fluid and Solid Minerals, Bureau of Land Management, Division of Mineral Resources (C-920), 2800 Cottage Way, Rm. E-1827, Sacramento, CA 95825. | Department of Conservation, Division of Oil & Gas, 1416 Ninth St., Rm. 1316, Sacramento, CA 95814. |
| Only Naval Petroleum Reserve No. 1 (Elk Hills) and Naval Petroleum Reserve No. 2 (Buena Vista). | Assistant Secretary for Environmental Protection, Safety and Emergency Preparedness, DOE, 1000 Independence Ave., SW, Rm. 4G 084, Washington, D.C. 20585. | |
| Only Pacific OCS Region | Regional Supervisor for Field Operations, 1340 West 6th Street, Los Angeles, CA 90017. | |
| Colorado | Deputy State Director for Mineral Resources, Bureau of Land Managment, Colorado State Office (CO-920), 2850 Youngfield Street, Lakewood, CO 80215. | Oil and Gas Conservation Commission, 1580 Logan Street, Room 380, Denver, CO 80203. |
| Florida | Chief, Branch of Fluid and Solid Minerals, Bureau of Land Management, Eastern States Office (972), 350 South Pickett Street, Alexandria, VA 22304. | Administrator Oil and Gas, Bureau of Geology, Department of Natural Resources, 903 W. Tennessee Street, Tallahassee, FL 32304. |
| Georgia | Chief, Branch of Fluid and Solid Minerals, Bureau of Land Management, Eastern States Office (972), 350 South Pickett Street, Alexandria, VA 22304. | Department of Natural Resources, Geologic & Water Resources Division, 19 Martin Luther King Drive, SW., Atlanta, GA 30334. |
| Idaho | Deputy State Director for Mineral Resources, Bureau of Land Management, Idaho State Office (920), 3380 Americana Terrace, Bosie, ID 83706. | Idaho Public Utilities Commission, Statehouse Mail, Boise, ID 83720. |
| Illinois | Chief, Branch of Fluid and Solid Minerals, Bureau of Land Management, Eastern States Office (972), 350 South Pickett Street, Alexandria, VA 22304. | Department of Mines and Minerals, Oil & Gas Division, 704 Stratton Office Building, 400 S. Spring Street, Springfield, IL 62706. |
| Indiana | Chief, Branch of Fluid and Solid Minerals, Bureau of Land Management, Eastern States Office (972), 350 South Pickett Street, Alexandria, VA 22304. | Department of Natural Resources, Oil & Gas Division, 911 State Office Bldg., 100 N. Senate Avenue, Indianapolis, IN 46204. |
| Iowa | Chief, Branch of Fluid and Solid Minerals, Bureau of Land Management, Eastern States Office (972), 350 South Pickett Street, Alexandria, VA 22304. | |
| Kansas | Deputy State Director for Mineral Resources, Bureau of Land Management, Colorado State Office (CO-920), 2850 Youngfield Street, Lakewood, CO 80215. | |
| Kentucky | | Kentucky Public Service Commission, P.O. Box 615, Frankfort, KY 40602. |
| Louisiana | | Office of Conservation, P.O. Box 94275, Baton Rouge, LA 70804. |

| State in which well is located | Jurisdictional Agency for Wells on— | |
|---|---|---|
| | Federal lands | Other lands |
| Only Gulf of Mexico OCS Region. | Regional Supervisor for Field Operations, 1201 Wholesalers Parkway, New Orleans, LA 70123. | |
| Maryland | Chief, Branch of Fluid and Solid Minerals, Bureau of Land Management, Eastern States Office (972), 350 South Pickett Street, Alexandria, VA 22304. | Energy and Coastal Zone Administratio Department of Natural Resources, Ta State Office Bldg., Annapolis, MD 214 |
| Michigan | Chief, Branch of Fluid and Solid Minerals, Bureau of Land Management, Eastern States Office (972), 350 South Pickett Street, Alexandria, VA 22304. | Geological Survey Division, Departmen Natural Resources, Box 30028, Lansin MI 48909. |
| Mississippi | Chief, Branch of Fluid and Solid Minerals, Bureau of Land Management, Eastern States Office (972), 350 South Pickett Street, Alexandria, VA 22304. | State Oil & Gas Board, Box 1332, Jackso MS 39205. |
| Missouri | Chief, Branch of Fluid and Solid Minerals, Bureau of Land Management, Eastern States Office (972), 350 South Pickett Street, Alexandria, VA 22304. | Missouri Department of Natural Resourc P.O. Box 250, Rolla, MO 65401. |
| Montana | | Board of Oil and Gas Conservation, 22 St. John's Ave., Billings, MT 59102 1520 East Sixth Ave., Helena, MT 596 |
| Nebraska | Chief, Branch of Fluid and Solid Minerals, Bureau of Land Management, Eastern States Office (972), 350 South Pickett Street, Alexandria, VA 22304. | Oil & Gas Conservation Commission, Bo 399, Sidney, NE 69261. |
| Nevada | State Director, Bureau of Land Management, Nevada State Office (NV-920), 300 Booth Street, Reno, NV 89520. | Department of Conservation and Natu Resources, Division of Mineral R sources, Capitol Complex, 201 S. Fa Street, Carson City, NV 89710. |
| New Mexico: | | |
| Northern New Mexico | District Manager, Bureau of Land Management, Albuquerque District Office (NGPA), 435 Montano Road, NE, Albuquerque, NM 87107. | |
| Southern New Mexico | District Manager, Bureau of Land Management, Roswell District Office (NGPA), P.O. Box 1397, Roswell, NM 88201. | |
| New York | Chief, Branch of Fluid and Solid Minerals, Bureau of Land Management, Eastern States Office (972), 350 South Pickett Street, Alexandria, VA 22304. | Department of Environmental Conservatio Divison of Mineral Resources, 50 Wo Road, Albany, NY 12233. |
| North Carolina | Chief, Branch of Fluid and Solid Minerals, Bureau of Land Management, Eastern States Office (972), 350 South Pickett Street, Alexandria, VA 22304. | Department of Natural Resources an Community Development, 512 N. Sa bury Street, Raleigh, NC 27611. |
| North Dakota | Chief, Branch of Fluid Minerals, Bureau of Land Management Division of Mineral Resources, P.O. Box 36800, Billings, MT 59107. | Industrial Commission, State Office Bui ing, 900 East Boulevard, Bismarck, N 58505. |
| Ohio | Chief, Branch of Fluid and Solid Minerals, Bureau of Land Management, Eastern States Office (972), 350 South Pickett Street, Alexandria, VA 22304. | Department of Natural Resources, Divi of Oil and Gas, Fountain Square, Buil A-2, Columbus, OH 43224. |
| Oklahoma: | | |
| Except the Osage Reservation. | District Manager, Bureau of Land Management, Tulsa District Office (NGPA), 6136 East 32nd Place, Tulsa, OK 74135. | NGPA Section, Oil & Gas Conservatio Division, Oklahoma Corporation Comm sion, Jim Thorpe Bldg., Oklahoma C OK 73105. |
| or | | |
| Only the Osage Reservation. | Superintendent, Osage Indian Agency, Bureau of Indian Affairs, U.S. Department of the Interior, Pawhuska, OK 74056. | |
| Oregon | | Department of Geology & Mineral Ind tries, 910 State Office Bldg., Portla OR 97201. |
| Pennsylvania: | | |
| Northern Region | | Bureau of Oil & Gas Management, 10 Water Street, Meadville, PA 16335. |

| State in which well is located | Jurisdictional Agency for Wells on— | |
|---|---|---|
| | Federal lands | Other lands |
| Southern Region | | Bureau of Oil & Gas Management, Highland Bldg., 121 South Highland Ave., Pittsburgh, PA 15206. |
| South Carolina | Chief, Branch of Fluid and Solid Minerals, Bureau of Land Management, Eastern States Office (972), 350 South Pickett Street, Alexandria, VA 22304. | South Carolina Public Service Commission, P.O. Drawer 11649, Columbia, SC 29211. |
| South Dakota | | Department of Water and Natural Resources, 36 East Chicago, Rapid City, SD 57701. |
| Tennessee | Chief, Branch of Fluid and Solid Minerals, Bureau of Land Management, Eastern States Office (9'2), 350 South Pickett Street, Alexandria, VA 22304. | State Oil & Gas Board, Division of Geology, 701 Broadway—Custom House, Nashville, TN 37203. |
| Texas: | | |
| East of the 100th Meridian | District Manager, Bureau of Land Management, Tulsa District Office (NGPA), 6136 East 32nd Place, Tulsa OK 74135. | Railroad Commission, Drawer 12967, Austin, TX 78711. |
| or | | |
| West of the 100th Meridian | District Manager, Bureau of Land Management, Roswell District Office (NGPA), P.O. Box 1397, Roswell, NM 88201. | |
| Utah | Chief, Branch of Fluid Minerals, Bureau of Land Management, Utah State Office (U-922), 324 South State Street, Suite 301, Salt Lake City, UT 84111. | Div. of Oil & Gas, 355 West North Temple, 3 Triads Center, Suite 350, Salt Lake City, UT 84180. |
| or | | |
| Utah (Navajo and Hopi Indian Reservation) | Distict Manager, Bureau of Land Management, Albuquerque District Office (NGPA), 435 Montano Road, N.E., Albuquerque, NM 87107. | |
| Virginia | | Department of Mines, Minerals & Energy, Division of Mines and Quarries, Oil & Gas Section, P.O. Box 1416, Abingdon, VA 24210. |
| Only Atlantic OCS Region | Regional Supervisor for Field Operations, 1951 Kidwell Drive, Suite 601, Vienna, VA 22180. | |
| Washington | Deputy State Director for Mineral Resources, Bureau of Land Management, Oregon State Office, P.O. Box 2965, Portland, OR 97208. | Department of Natural Resources, Geology and Earth Resources Division, Olympia, WA 98504. |
| West Virginia | | Department of Mines, Oil & Gas Division, 1615 Washington Street, East Charleston, WV 25305. |
| Wyoming | | Oil & Gas Conservation Commission, Box 2640, Casper, WY 82602. |
| Casper District | District Manager, Bureau of Land Management, 1701 East E Street, Casper, WY 82601. | |
| Rawlins District | District Manager, Bureau of Land Management, P.O. Box 670, Rawlins, WY 82301. | |
| Rock Springs District | District Manager, Bureau of Land Management, Highway 187 N., Rock Springs, WY 82901. | |
| Worland District | District Manager, Bureau of Land Management, P.O. Box 119, Worland, WY 82401. | |
| or | | |
| Only Naval Petroleum Reserve No. 3 (Teapot Dome). | Assistant Secretary for Environmental Protection, Safety and Emergency Preparedness, DCE, 1000 Independence Ave., SW, Room 4G 084, Washington, D.C. 20585. | |

(b) *Waiver.* In the case of any determination to which a waiver made under Subpart C of Part 274 is applicable, "jurisdictional agency" means the Commission.

(c) *Federal lands.* For purposes of this section, "Federal lands" means:

(1) All lands leased under:

(i) The Mineral Lands Leasing Act, as amended, 30 U.S.C. 181 *et seq.;* and

(ii) The Mineral Leasing Act for Acquired Lands, as amended, 30 U.S.C. 351 *et seq.;*

(2) All Indian lands which are under the supervision of the United States Geological Survey (30 CFR Part 221); and

(3) All Indian lands which are under the supervision of the Osage Indian Agency, Bureau of Indian Affairs, U.S. Department of the Interior.

(d) *Divided-interest leases.* Unless an agreement under paragraph (f) of this section provides otherwise, where a well is located on a divided-interest lease involving Federal (or Indian) and private (or State) ownership:

(1) The Federal jurisdictional agency shall make the determination where the majority lease interest is Federal (or Indian);

(2) The State jurisdictional agency shall make the determination where the majority lease interest is private (or State); and

(3) The State jurisdictional agency shall make the determination where the lease interest is divided equally.

(e) *Drilling units.* Unless an agreement under paragraph (f) of this section provides otherwise, where a drilling unit is drained by two or more wells, the Federal jurisdictional agency shall make the determination if the completion location of the well in question is located on a Federal (or Indian) lease, and the State jurisdictional agency shall make the determination if the completion location of the well in question is located on a private (or State) lease.

(f) *Agreements.* If the United States Geological Survey and any State jurisdictional agency enter into an agreement authorizing such State agency to make determinations under Subpart A of this part with respect to wells located on Federal lands, or authorizing the U.S. Geological Survey to make such determinations with respect to wells located on State lands, such agreement shall be filed with the Commission. Upon the filing of such an agreement the agency so authorized in the agreement shall be considered the jurisdictional agency with respect to wells on the designated lands to the extent provided in the agreement.

(Natural Gas Act, as amended, 15 U.S.C. 717-717w; Department of Energy Organization Act, 42 U.S.C. 7101-7352; Natural Gas Policy Act of 1978, 15 U.S.C. 3301-3432; Administrative Procedure Act, 5 U.S.C. 553)

[Order 41, 44 FR 48669, Aug. 20, 1979 as amended by Order 373, 49 FR 20281, May 5, 1984; Order 479, 52 FR 29007, Aug. 5, 1987]

# PART 275—COMMISSION DETERMINATIONS AND REVIEW OF JURISDICTIONAL AGENCY DETERMINATIONS

Subpart A—[Reserved]

Subpart B—Procedure for Commission Review of Jurisdictional Agency Determinations

Sec.

275.201 Publication of notice from jurisdictional agency.
275.202 Commission review of final determinations.
275.203 Protests to the Commission.
275.204 Contents of protests to the Commission.
275.205 Procedure for reopening determinations.
275.206 Confidentiality.

## Subpart A—[Reserved]

## Subpart B—Procedure for Commission Review of Jurisdictional Agency Determinations

AUTHORITY: Natural Gas Act, as amended 15 U.S.C. 717 *et seq.*; Energy Supply and Environmental Coordination Act (15 U.S.C. 791, *et seq.*; Natural Gas Policy Act of 1978 Pub. L. 95-621, 92 Stat. 3350; Department of Energy Organization Act, Pub. L. 95-91, E.O. 12009, 42 FR 46267.

### § 275.201 Publication of notice from jurisdictional agency.

Upon receipt of a notice of determination by a jurisdictional agency under § 274.104, the Commission will send an acknowledgement to the applicant and will post acknowledgement in the Commission's Division of Public Information. Another source of the information is the Commission's printing contractor: TS Infosystems, Inc., Attn: Mr. Milton Chichester, 825 North Capitol Street, Room 1000, Washington, D.C. 20426.

The acknowledgement will contain the following:

(a) The date on which the jurisdictional agency notice was received;

(b) Certain information contained in FERC Form No. 121;

(c) A statement that the application and a copy or description of other materials in the record on which such determination was made is available for inspection, except to the extent the material is treated as confidential under § 275.206, at the offices of the Commission; and

(d) A statement that persons objecting to the final determination may, in accordance with this subpart, file a protest with the Commission within 20 days after the date that notice of receipt of a determination is issued by the Commission pursuant to § 275.201 of this subpart.

[43 FR 56608, Dec. 1, 1978, as amended at 44 FR 34477, June 15, 1979; Order 362, 49 FR 7114, Feb. 27, 1984]

### § 275.202 Commission review of final determinations.

(a) *Review by Commission.* Except as provided in paragraphs (b), (c) and (d) of this section, a determination submitted to the Commission by a jurisdictional agency shall become final 45 days after the date on which the Commission received notice of the determination, unless within the 45-day period, the Commission:

(1) Makes a preliminary finding that:

(i) The determination is not supported by substantial evidence in the record on which the determination was made; or

(ii) The determination is not consistent with information which is contained in the public records of the Commission and which was not part of the record on which the jurisdictional agency made the determination, and

(2) Issues written notice of such preliminary finding, including the reasons for the preliminary finding. Copies of the written notice will be sent to the jurisdictional agency which made the determination, to the persons identified in the notice under § 274.104 of such determination, and to any persons who have filed a protest.

(b) *Incomplete notice.* Notwithstanding the provisions of paragraph (a) of this section, the 45-day period for Commission review of a determination shall not begin if:

(1) The notice forwarded to the Commission pursuant to Subpart A of Part 274 does not contain all (information required in § 274.104(a) (4), (5), and

(2) The Commission notifies the jurisdictional agency, the purchaser and the parties to the proceeding before the jurisdictional; agency, within 45 days after the date on which the Commission receives notice of the determination, that the notice is incomplete.

(c) *Withdrawal of notice.* (1) The jurisdictional agency may withdraw a notice of determination by giving notice as specified in paragraph (c)(2) of this section at any time prior to the issuance of a final order with respect to such determination under paragraphs (g)(1) and (g)(2) of this section, or at any time prior to the date such determination becomes final under paragraphs (a) or (g)(4) of this section. Such notice shall include the jurisdictional agency's reasons for the withdrawal.

(2) Withdrawal of a notice of determination shall take effect at such time as the jurisdictional agency has notified the Commission, the parties to the proceeding before the agency, and the purchaser of such withdrawal.

(3) Withdrawal of a notice of determination shall nullify such notice of determination.

(d) *Withdrawal of application.* (1) An applicant may withdraw an application for a determination which is before the Commission by giving notice as specified in paragraph (d)(2) of this section at any time prior to the issuance of a final order with respect to such determination under paragraphs (g)(1) and (g)(2) of this section, or at any time prior to the date such determination becomes final under paragraphs (a) or (g)(4) of this section.

(2) Withdrawal of an application shall take effect at such time as the applicant has notified the Commis-

sion, the jurisdictional agency and the purchaser.

(3) Withdrawal of an application shall nullify such application and the notice of determination on such application.

(4) The applicant's right to make interim collections under Part 273 of this Chapter shall cease and the refund obligations of Part 273 of this chapter shall begin when the withdrawal takes effect under this paragraph.

(e) *Public notice.* The Commission shall publish notice of the preliminary finding in the FEDERAL REGISTER and shall post the notice in its Office of Public Information. The notice shall set forth the reasons for the preliminary finding.

(f) *Procedures following notice of preliminary finding.* Any state or federal agency or any person may, within 30 days after issuance of the preliminary finding, submit written comments and request an informal conference with the Commission staff. Any jurisdictional agency, any state agency and any person receiving notice under paragraph (a)(2) of this section, may request an informal conference with the Commission staff. All timely requests for conferences will be granted. Notice of, and permission to attend, such conferences will be given to persons identified in paragraph (a)(2) of this section, and to state or federal agencies or persons who submitted comments under this paragraph.

(g) *Final orders.* (1) In any case in which a protest was filed with the Commission pursuant to this subpart and a preliminary finding was issued, the Commission shall issue a final order within 120 days after issuance of the preliminary finding.

(2) In any case in which no protest was filed with the Commission pursuant to this subpart, and a preliminary finding was issued, the Commission may issue a final order within 120 days after issuance of the preliminary finding.

(3) A final order issued under paragraph (g)(1) or (2) of this section shall either affirm, reverse, or remand the determination of the jurisdicational agency. Such order shall state the specific basis for the Commission's action. Notice of the issuance of such order shall be given to the jurisdictional agency, to participants in the proceeding before the jurisdictional agency, and to participants in the proceeding before the Commission under paragraph (f) of this section and under § 275.203.

(4) In the event that the Commission fails to issue a final order within 120 days after issuance of the preliminary finding, the determination of the jurisdicational agency shall become final.

[43 FR 56608, Dec. 1, 1978, as amended at 44 FR 34477, June 15, 1979; Order 41, 44 FR 48671, Aug. 20, 1979; 44 FR 66789, Nov. 21, 1979]

### § 275.203 Protests to the Commission.

(a) *Who may file.* Any person may file a protest with the Commission with respect to a determination of a jurisdictional agency within 20 days after the date that notice of receipt of a determination is issued by the Commission pursuant to § 275.201 of this subpart.

(b) *Grounds.* Protests may be based only on the grounds that the final determination is:

(1) Not supported by substantial evidence;

(2) Not consistent with information which is contained in the public records of the Commission and which was not part of the record on which the determination was made;

(3) Not consistent with information submitted with the protest for inclusion in the public records of the Commission, which information was not part of the record on which the determination was made; or

(4) Not based on an application which complied with the filing requirements set forth in Subpart B of Part 274, or alternative filing requirements approved pursuant to § 274.207.

[43 FR 56603, Dec. 1, 1978, as amended at 44 FR 34477, June 15, 1979; Order 362, 49 FR 7115, Feb. 27, 1984]

### § 275.204 Contents of protests to the Commission.

Each protest shall include:

(a) An identification of the determination protested;

(b) The name and address of the person filing the protest;

(c) A statement of whether or not the person filing the protest participated in the proceeding before the jurisdictional agency, and if not, the reason for his nonparticipation;

(d) A statement of the effect the determination will have on the protestor;

(e) A statement of the precise grounds under § 275.203 for the protest, and all supporting documents or references to any information relied on which is in the record on which the determination is based or is in or to be inserted in the public files of the Commission; and

(f) A statement that the protestor has served, in accordance with § 385.2010 of this chapter, a copy of the protest together with all supporting documents on the jurisdictional agency and all persons listed in the notice of determination pursuant to § 274.104(a)(1) of this subchapter.

[43 FR 56603, Dec. 1, 1978, as amended at 45 FR 17131, Mar. 18, 1980; Order 225, 47 FR 19058, May 3, 1982]

### § 275.205 Procedure for reopening determinations.

(a) *Grounds.* At any time subsequent to the time a determination becomes final pursuant to this subpart, the Commission, on its own motion, or in response to a petition filed by any person aggrieved or adversely affected by the determination, may reopen the determination if it appears that:

(1) In making the determination, the Commission or the jurisdictional agency relied on any untrue statement of material fact; or

(2) There was omitted a statement of material fact necessary in order to make the statements made not misleading, in light of the circumstances under which they were made to the jurisdictional agency or the Commission.

(b) *Contents of petition.* A petition to reopen the determination proceedings shall contain the following information, under oath:

(1) The name and address of the person filing the petition;

(2) The interest of the petitioner in the outcome of the determination proceeding;

(3) The statement of material fact that is alleged to be untrue or omitted;

(4) A statement explaining why the outcome of the determination proceeding would have been different had the statement or omission not occurred; and

(5) Copies of all documents relied on by the petitioner, or references to such documents if they are contained in the public files of the Commission.

(c) *Procedures after reopening.* In the event the Commission reopens a determination pursuant to this section it shall:

(1) Give notice to the jurisdictional agency and all persons who participated, before both that agency and the Commission, in the proceedings resulting in the determination in question;

(2) Permit the jurisdictional agency and other persons receiving notice pursuant to paragraph (c)(1) of this section, to submit whatever documentary evidence such agency or persons deem relevant; and

(3) Take such other action or hold or cause to be held such proceedings as it deems necessary or appropriate for a full disclosure of the facts.

(d) *Final order of Commission.* Within 150 days after issuance of the notice under paragraph (c)(1) of this section, the Commission shall issue a final order. If the Commission finds that the grounds referred to in paragraph (a) of this section exist, it shall vacate the determination, and if appropriate, order refund or other action. The right to collect the previously determined maximum lawful price shall terminate on the date of the order vacating the determination.

[43 FR 56603, Dec. 1, 1978, as amended at 44 FR 34477, June 15, 1979]

### § 275.206 Confidentiality.

(a) Except as provided in paragraph (b), the Commission will accord confidential protection to, and not disclose to the public, any information submitted to the Commission by a jurisdictional agency under § 274.104(a)(4), if:

(1) The jurisdictional agency, on its own motion or on request of the applicant, afforded such information confidential treatment before the jurisdictional agency; and

(2) The agency order or the applicant's request stated grounds for confidential treatment which fall within one of the exemptions described in paragraphs (1) through (9) of 5 U.S.C. 552(b).

(b) Upon receipt of a request for disclosure of information treated as confidential under paragraph (a), the Commission will determine in accordance with 5 U.S.C. 552 whether the information is exempt under 5 U.S.C. 552(b). If it determines the information is not exempt, the information will be made public. If it determines that the information is exempt, the Commission will not make it public unless the Commission determines that its conduct of the proceeding to review the jurisdictional agency determination requires making such information available to the public or to particular parties, subject to such conditions (including a protective order) as the Commission may prescribe. Before making any information public under this paragraph, the Commission shall provide at least 5 days notice to the person who submitted the information. Such notice shall be sent to telegraph.

[43 FR 56603, Dec. 1, 1978, as amended at 44 FR 34478, June 15, 1979; 45 FR 17131, Mar. 18, 1980]

## PARTS 276—279 [RESERVED]

# FINDING AIDS

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The OMB control numbers for the Federal Energy Regulatory Commission, Department of Energy, appear in § 389.101 of Chapter I. For the convenience of the user, § 389.101 is reprinted below.

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**§ 389.101 OMB control numbers assigned pursuant to the Paperwork Reduction Act.**

(a) *Purpose.* This part collects and displays control numbers assigned to information collection requirements of the Commission by the Office of Management and Budget (OMB) pursuant to the Paperwork Reduction Act of 1980. This part fulfills the requirements of ection 3507(f) of the Paperwork Reduction Act, which requires that agencies display a current control number assigned by the Director of OMB for each agency information collection requirement.

(b) *Display.*

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| 2.79 | 0060 |
| 2.80 | 0128 |
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| 154.94(k) | 0057 |
| 154.95 | 0055 |
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| 154.97 | 0055 |
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| 18 CFR part or section where the information collection requirement is located | Current OMB control number (all numbers begin with 1902-) | 18 CFR part or section where the information collection requirement is located | Current OMB control number (all numbers begin with 1902-) |
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| 154.102 | 0055 | Part 216 | 0028 |
| 154.103 | 0055 | Part 225 | 0098 |
| 154.104 | 0055 | Part 250 | 0052 |
| 154.105 | 0055 | 250.5 | 0055 |
| 154.106 | 0055 | 250.7 | 0051 |
| 154.107 | 0055 | 250.8 | 0055 |
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| 157.8 | 0060 | 270.101 | 0070 |
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[49 FR 12692, Mar. 30, 1984]

EDITORIAL NOTE: For FEDERAL REGISTER citations affecting § 389.101, see the List of CFR Sections Affected in the Finding Aids section of this volume.

## List of CFR Sections Affected

All changes in this volume of the Code of Federal Regulations which were made by documents published in the Federal Register since January 1, 1973, are enumerated in the following list. Entries indicate the nature of the changes effected. Page numbers refer to Federal Register pages. The user should consult the entries for chapters and parts as well as sections for revisions.

For the period before January 1, 1973, see the "List of CFR Sections Affected, 1949-1963 and 1964-1972," published in three separate volumes.

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| 154.52 (c) added | 1505 |
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| 154.109b Added | 9810 |
| 157.7 (c) revised; eff. 4-22-74 | 10896 |
| (f) revised; (g) added | 13479 |
| 157.14 Introductory text of (a) (6-d) revised | 13479 |
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